



ANNUAL REPORT

F.Y 2020-21

FINO PAYMENTS BANK LIMITED

CIN: U65100MH2007PLC171959
 Regd. Office: Mindspace Juinagar, Plot No Gen 2/1/F, Tower 1, 8th Floor,
 TTC Industrial Area, MIDC Shirwane,
 Juinagar, Navi Mumbai - 400 706,
 Phone: +91 22 7104 7000 Fax: +91 22 71047066,
 E-mail: basavraj.loni@finobank.com

BOARDS' REPORT

Dear Members,

The Directors have pleasure in presenting the 05th (Fifth) Annual Report of Fino Payments Bank Limited ("the Bank") together with the Audited Financial Statements for the Financial Year ended March 31, 2021.

Financial Highlights

	(Rs. in lakhs)	
Particulars	2020-21	2019-20
Net Sales and other income	79,103	69,139
Expenses	71,188	69,278
Profit /(Loss) before Interest, Depreciation and Tax	7,915	(139)
Depreciation	5,358	2,356
Finance Charges	510	709
Profit /(Loss) before Tax and prior period items	2,047	(3,204)
Prior period items	-	-
Profit /(Loss) before Tax	2,047	(3,204)
Taxes	-	-
Net Profit /(Loss) after Tax	2,047	(3,204)
Other Comprehensive Income	-	-
Balance of Profit /(Loss) carried forward to next year	2,047	(3,204)

Company Performance

The Net Revenue of the Bank was Rs.79,103 lakhs for the year ended March 31, 2021 as compared to Rs.69,139 lakhs in previous year. The Company's Profit from Operations for the year ended March 31, 2021 was Rs.7,915 lakhs as compared to loss of Rs.139 lakhs in the previous year.

The Profit after Tax for the year ended March 31, 2021 was Rs.2,047 lakhs as compared to loss of Rs.3,204 lakhs during previous year.

Brief Description of the Company's working during the Year/State of the Company's Affairs

The Bank is a public limited company and is registered with RBI to carry on the business of Payments Bank in India.

Scheduled Bank License:

Reserve Bank of India (RBI) issued a notification DOR.No.Ret.BC.43/12.07.150/2020-21 dated February 22, 2021 on inclusion of "Fino Payments Bank Limited" in the Second Schedule of the Reserve Bank of India Act, 1934 vide Notification DoR.NBD.No. 2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021. Accordingly, Fino Payments Bank Limited became a Scheduled Bank with effect from January 01, 2021.

Change in nature of business

There is no change in nature of business of the Bank.

Dividend

The Board of Directors of your Bank, after considering holistically the relevant circumstances and keeping in view the planned expansion and growth of the Bank, has decided that it would be prudent, not to recommend any Dividend for the Financial Year ended March 31, 2021.

Transfer to Reserves

The Bank has appropriated Rs 5.12 Crores towards Statutory Reserves for the year ended March 31, 2021,

Share Capital

During the year under review, there was no change in share capital of the Bank.

The Bank's total Capital Adequacy Ratio is in line with Basel II Capital Regulations stood at 56.25% as on March 31, 2021.

Material changes and commitments

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year to which the Financial Statements relate and the date of this Report.

Attention is drawn to notes no. 42 of the Financial Statements which describes that extent to which the Covid-19 pandemic will impact the Bank's financial statement will depend on future developments, which are highly uncertain and the Bank shall continue to closely monitor any material changes to future economic conditions.

Except, as disclosed elsewhere in the report, there have been no material changes and commitments, which can affect the financial position of the Bank between the end of the financial year and the date of this report.

Board of Directors and Key Managerial Personnel

The Composition of the Board is in compliance of the licencing conditions of RBI and the Companies Act, 2013 ("the Act").

During the Financial Year 2020-21, based on recommendation of the Nomination and Remuneration Committee ('NRC') of the Bank, the Board of Directors has appointed Mr. Rajat Kumar Jain (DIN: 00046053) as an Additional Director in the capacity of Independent Director of the Company with effect from November 02, 2020.

As per the provisions of Section 161 of the Act and Article 105 of the Articles of Association of the Company, Mr. Rajat Kumar Jain shall hold office as an Additional Director upto the date of the fifth (05th) AGM and are eligible for appointment as Director. The resolution for aforesaid appointment along with the brief profile of Mr. Jain forms part of the Notice of the 05th AGM and resolution is recommended for your approval.

Mr. Mahendra Kumar Chouhan was reappointed as part-time Chairman of the Bank for a further period of three (3) years with effect from May 18, 2020 pursuant to RBI's approval dated May 18, 2020.

Mr. Basavraj Loni was appointed as Company Secretary & AVP- Legal with effect from May 15, 2020.

During the Financial Year 2020-21, Dr. Ganesh Natarajan (DIN:00716393) resigned as an Independent Director of the Bank with effect from June 25, 2020 and Mr. S. Rajaraman resigned as Company Secretary & SVP- Legal of the Bank with effect from April 20, 2020.

The Board placed on record its appreciation for the valuable service and support provided by Dr. Ganesh Natarajan and Mr. S. Rajaraman during their tenure as Independent Director and Company Secretary & SVP- Legal, respectively.

The Independent Directors of the Bank have furnished declarations to the Bank under Section 149 (7) of the Act, confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Act and that their names have been included in the data bank of Independent Directors as prescribed under the Act.

Mrs. Deena Mehta (DIN:00168992) was appointed as an Additional Director in the capacity of Independent Directors w.e.f March 19, 2020 and Mr. Rishi Gupta was subject to approval of Shareholders re-appointed as M.D. & CEO w.e.f. May 02, 2020 for a period of three years pursuant to RBI's approval dated April 27, 2020. The Shareholders of the Company at its Annual General Meeting held on September 30, 2020 confirmed the appointment of Mrs. Deena Mehta as Independent Director w.e.f. March 19, 2020 and approved the appointment of Mr. Rishi Gupta as MD & CEO of the Bank w.e.f. May 2, 2021.

Retiring by Rotation

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Bank's Articles of Association, Mr. Rishi Gupta, Managing Director & CEO, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Bank at the ensuing Annual General Meeting.

Details of Board of Directors' Meetings

During the Financial Year 2020-21, 5 (five) Board meetings were held on May 15, 2020; August 12, 2020; November 11, 2020; February 11, 2021; March 23, 2021. The attendance of Directors is as under:

Name of the Director	No of Meetings attended
Mr. Mahendra Kumar Chouhan	5
Mr. Suresh Kumar Jain	5
Dr. Ganesh Natarajan*	1
Dr. Punita Kumar Sinha	5
Mrs. Deena Mehta	5
Mr. Rajat Jain**	3
Mr. Avijit Saha	5
Mr. P. S.Ravi	2
Mr. Amit Jain	5
Mr. Rishi Gupta	5

*resigned w.e.f. 25.06.2020; **appointed w.e.f. 02.11.2020

Board Committees

During the Financial Year 2020-21, pursuant to the Payments Bank Guidelines and circulars relating thereto and the Companies Act, 2013 (including statutory enactments) the following Committee meetings were held to oversee the specific areas:

1. Audit Committee

During the Financial Year 2020-21, seven (7) meetings of the Audit Committee were held on May 15, 2020, August 12, 2020, August 29, 2020, September 12, 2020, November 06, 2020, November 11, 2020 and February 11, 2021. The attendances of the Directors are as under:

Name of the Director/Member	No of Meetings attended
Mrs. Deena Mehta*	7
Mr. Mahendra Kumar Chouhan	4
Mr. Suresh Kumar Jain	7
Dr. Punita Kumar Sinha	6
Mr. Avijit Saha	7
Mr. Amit Jain	4

*appointed as a member w.e.f. 15.05.2020

The brief terms of references of the Audit Committee, inter-alia include as under:

- i. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- ii. To recommend to the Board of Directors of the Bank (the "Board") the appointment, re-appointment, remuneration, terms of reference and, if required, the replacement or removal of the statutory/concurrent auditor and the fixation of audit fees or any other services rendered by the Statutory Auditors.
- iii. To review and monitor the statutory, concurrent and internal auditors' independence and performance and effectiveness of audit process.
- iv. To review compliance with the inspection and audit reports of Reserve Bank of India, review of the findings of internal investigations.
- v. To review with the management, the quarterly and annual financial statements before submission to the Board for approval.
- vi. Review of Compliance functions in the Bank.
- vii. KYC / AML Guidelines - (i) Review of implementation (ii) Review of compliance of concurrent audit reports with respect to adherence to KYC / AML guidelines at branches.
- viii. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Funds in Transit/ Clearing / SGL accounts
- ix. Review of Audit plan and status of achievement thereof.
- x. Review of significant Audit Findings of the following audits along with the compliance thereof - (i) LFAR (ii) Concurrent Audit (iii) Internal Inspection (iv) I.S.Audit of Data Centre (v) Treasury and Derivatives (vi) Management Audit at Controlling Offices / Head Offices etc.
- xi. Compliance report on directives issued by ACB / Board / RBI.
- xii. Review of information on violations by various functionaries in the exercise of discretionary powers.
- xiii. Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases.
- xiv. Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines.
- xv. Review of IS Audit Policy

- xvi. Review of accounting policies / systems of the bank with a view to ensuring greater transparency in the bank's accounts and adequacy of accounting standards.
- xvii. Review of the bank's financial management policies.
- xviii. Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures
- xix. Review of report on Revenue leakage detected by Internal / External Auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage.
- xx. Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
- xxi. To review with management the adequacy of the internal control systems including the structure of the internal audit department and
- xxii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or a failure of internal control systems of a material nature.
- xxiii. To approve any subsequent modification of transactions of the Bank with related parties and grant omnibus approval for related party transactions proposed to be entered into by the Bank, subject to the conditions as may be prescribed;

Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

- xxiv. To scrutinize inter-corporate loans and investments;
- xxv. To evaluate the undertakings or assets of the Bank, wherever it is necessary;
- xxvi. To evaluate the internal financial controls and risk management systems;
- xxvii. To monitor the end uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Bank;
- xxviii. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances and Reviewing the functioning of the whistle blower mechanism;
- xxix. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- xxx. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xxxi. Discussing with internal auditors on any significant findings and follow up thereon;
- xxxii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- xxxiii. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xxxiv. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- xxxv. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
- xxxvi. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act (including Section 177), the Listing Regulations or by any other regulatory authority; and
- xxxvii. Reviewing adequacy of insurance policies taken by Management to cover risks/ transfer risk exposures.
- xxxviii. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

The Board of Directors had accepted all the recommendations given by the Audit Committee during the year under review.

Representative of the Audit Committee was present at the Annual General Meeting held on September 30, 2020.

2. Nomination & Remuneration Committee

During the Financial Year 2020-21, 4 (four) meetings of the Nomination and Remuneration Committee were held on May 14, 2020, August 12, 2020, November 11, 2020 and February 11, 2020. The attendance of the Directors is as under:

Name of the Director/Member	No of Meetings attended
Mr. Suresh Kumar Jain	4
Mr. Mahendra Kumar Chouhan	4
*Dr. Ganesh Natarajan	1
Dr. Punita Kumar Sinha	4
Mr. P. S. Ravi	1

*resigned w.e.f. 25.06.2020

The brief terms of references of the Nomination and Remuneration Committee, inter-alia include as under:

- i. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,

- ii. To recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or and review its implementation and compliance.
- iii. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
- iv. Formulating of criteria for evaluation of the performance of the independent directors and the Board;
- v. Devising a policy on Board diversity;
- vi. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vii. Analysing, monitoring and reviewing various human resource and compensation matters;
- viii. To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, material risk takers and other employees;
- ix. To monitor and review various HR related matters such as plans, policies reports etc. from time to time;
- x. To ensure that the Policy on remuneration to Directors, Whole-time Directors / Executive Directors, key managerial personnel, material risk takers and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and is in compliance to RBI norms.
- xi. Periodically review and suggest revision of the total remuneration package of the Whole-time Directors keeping in view performance of the Company, standards prevailing in the industry, norms specified by RBI, statutory guidelines, etc.
- xii. To work in close coordination with Risk Management Committee of the bank, to achieve effective alignment between compensation and risks. The NRC should also ensure that the cost/income ratio of the bank supports the compensation package consistent with maintenance of sound capital adequacy ratio.
- xiii. To review and approve the content of the Director's Remuneration report in the annual report and accounts for approval by Board as a whole.

- xiv. Keep abreast of external remuneration trends and market conditions.
- xv. To ensure that a Fit and Proper disclosure, Deed of Covenant and a declaration and undertaking in bank's favor, as may be specified by RBI is obtained from every Director.
- xvi. To scrutinize Deed of Covenant and declaration and undertaking submitted by each of its Directors and on a continuing basis perform due diligence in respect of each of its Directors and shall report to the Reserve Bank if any of its directors fails to fulfill the 'fit and proper' criteria as specified by Reserve Bank from time to time.
- xvii. Performing such functions as are required to be performed by the Nomination and Remuneration committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:
 - xviii. administering the Fino Payments Bank Limited - Employees Stock Option Policy, 2020 (the "ESOP Plan");
 - xix. determining the eligibility of employees to participate under the ESOP Plan;
 - xx. determining the number of options to be granted to employees;
 - xxi. determining the exercise price under the ESOP Plan; and
 - xxii. constructing and interpreting the ESOP Plan and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Plan.
- xxiii. The Nomination and Remuneration Committee, while formulating the remuneration policy, should ensure that:
 - xxiv. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - xxv. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - xxvi. remuneration to directors, key managerial personnel, material risk takers and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- xxvii. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

- xxviii. the Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 2015, as amended; or
- xxix. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
- xxx. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act (including Section 178), the Listing Regulations or by any other regulatory authority.

The Bank has framed a policy which lays down guidelines in relation to remuneration of Directors, Key Managerial Personnel and other employee of the Company. This policy inter alia, prescribes criteria for determining qualifications, positive attributes and independence of Directors also lays down criteria for selection and appointment of Board Members. The Nomination and Remuneration policy has been prepared as per requirements of the provisions of Section 178 of the Companies Act, 2013 read along with the Rules and the relevant compensation guidelines prescribed by Reserve Bank of India. The Policy is available on the website of the Company www.finobank.com.

Authorised representative of the Nomination and Remuneration Committee was present at the Annual General Meeting held on September 30, 2020.

3. Risk And Asset Liability Management (ALM) Committee

During the Financial Year 2020-21, 4 (four) meetings of the Risk and ALM Committee were held on May 14, 2020, August 12, 2020, November 11, 2020 and February 11, 2021. The attendance of the Directors is as under:

Name of the Director/Member	No of Meetings attended
Mr. Suresh Kumar Jain	4
Mr. Mahendra Kumar Chouhan	4
Dr. Ganesh Natarajan**	1
Mrs. Deena Mehta*	3
Mr. Rajat Jain***	1
Mr. Amit Jain	3
Mr. Rishi Gupta	4

* appointed as a member w.e.f. 15.05.2020; **resigned w.e.f. 25.06.2020;

***appointed as a member w.e.f. 11.11.2020

The brief terms of references of the Risk and Asset Liability Management (ALM) Committee, inter-alia include as under:

- i) To assist the Board in its oversight of the Bank's management of key risks, including strategic, financial operational and compliance risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.
- ii) To evolve appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and lay down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank.
- iii) To identify, monitor and measure the risk profile of the Bank (including market risk, operational risk and other residual risks.)
- iv) To oversee the policies connected with the risk management within the Bank for approval by the Board.
- v) To review adherence to various risk parameters and prudential limits for treasury operations and its risk monitoring system.
- vi) Review of processes being introduced/ implemented by the Bank.
- vii) Formulate and implement optimal ALM strategies at an enterprise level and meeting risk/reward objectives.
- viii) To monitor risk exposures, funding & development at periodic intervals and revise ALM strategies where required.
- ix) To formulate policies connected with risk management which shall include:
 - a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any of the risk as may be determined by the Committee.
 - b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c) Business continuity plan.
- x) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank.
- xi) To monitor and oversee implementation of the policies connected with risk management, including evaluating the adequacy of risk management systems.
- xii) To periodically review the policies connected with risk management, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

- xiii) To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.
- xiv) To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.
- xv) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board.
- xvi) To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

4. IT Strategy Committee

During the Financial Year 2020-21, 4 (four) meetings of the IT Strategy Committee were held on May 14, 2020, August 12, 2020, November 11, 2020 and February 11, 2021. The attendance of the Directors are as under:

Name of the Director/Member	No of Meetings attended
Mr. Rajat Jain*	1
Mr. Mahendra Kumar Chouhan	4
Dr. Ganesh Natarajan**	1
Mr. Avijit Saha	4
Mr. P. S. Ravi	2
Mr. Amit Jain	3
Mr. Rishi Gupta	4

*appointed as a member w.e.f. 11.11.2020; **resigned w.e.f. 22.06.2020

The brief terms of references of the IT Strategy, inter-alia include as under:

- i. Approving IT strategy and policy documents
- ii. ensuring that the management has put an effective strategic planning process in place;
- iii. Ratifying that the business strategy is indeed aligned with IT strategy
- iv. Ensuring that the IT Organizational structure complements the business model and its direction ;
- v. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business

- vi. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- vii. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources
- viii. Ensuring proper balance of IT investments for sustaining bank's growth
- ix. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks
- x. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)
- xi. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT
- xii. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).
- xiii. Approve and review the IT infrastructure sharing arrangements with other entities including the holding company/associates.
- xiv. To review information security system in the Bank and the Status of implementation of regulatory instructions on Information Security.

5. Corporate Social Responsibility (CSR) Committee

In accordance with Section 135 of the Act, the Bank has constituted Corporate Social Responsibility Committee (CSR). The Committee consists of 3 Independent Directors namely Mr. M K Chouhan (Chairman), Dr. Punita Kumar Sinha and Mr. Avijit Saha.

Dr. Ganesh Natarajan was a member of the CSR Committee during the year and resigned as a director of the company consequently ceased to be member w.e.f. 22.06.2020.

During the Financial Year 2020-21, no meetings were required to be held as the Bank was not covered under the threshold limits prescribed under the said section and the Bank was not mandated to spend 2% of its average net profits of the immediately preceding three financial years on CSR activities as per the Act.

The brief terms of references of the CSR, inter-alia include as under:

- i. To formulate and recommend to the board of directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;
- ii. The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
- iii. The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement CSR projects successfully and shall monitor the CSR Policy from time to time.
- iv. The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- v. The Committee will coordinate with such other agency for implementing programs and executing initiatives as per CSR policy and shall review the performance of such other agency periodically.
- vi. The Committee may form and delegate authority to subcommittees when appropriate.
- vii. The Committee shall regularly report to the Board.
- viii. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- ix. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder; and
- x. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

6. Customer Service Committee

The Bank has duly constituted Customer Service Committee as required under RBI guidelines. The Customer Service Committee comprises of a Managing Director & CEO, an Independent Director and a nominee Director.

During the Financial Year 2020-21, 2 (two) meetings of the Committee were held on May 14, 2020 and November 11, 2020. The attendance of the Directors is as under:

Name of the Director/Member	No of Meetings attended
Mr. Rishi Gupta	2
Mr. M K Chouhan	2
Mr. P. S.Ravi	0

The brief terms of references of the Customer Service Committee, inter-alia include as under:

- i. Assist the Board and the Bank in monitoring the quality of services rendered to the customers and to ensure implementation of directives received from RBI.
- ii. To formulate comprehensive deposit policy incorporating the issues arising out of the demise of a depositor for operation of his account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.
- iii. To monitor implementation of awards under the Banking Ombudsman Scheme.
- iv. To ensure customer are treated fairly all the times and complaints raised by them is dealt with courtesy and in time.
- v. To evaluate feedback on quality of customer service and to oversee implementation of commitments towards customers as per the directions received from BCSBI.
- vi. To ensure that all regulatory instructions regarding customer service are followed by the Bank.
- vii. Review and approve customer service policies and customer communication strategies of the Bank
- viii. Formulate and approve Fair Practices Code to customers.

7. Stakeholders Relationship Committee

The Bank has duly constituted Stakeholders Relationship Committee as required under RBI guidelines.

As on March 31, 2021, the Stakeholders Relationship Committee comprises of Mr. Suresh Jain (Chairman of Committee), Mr. Rajat Jain and Mr. Rishi Gupta, Managing Director & CEO.

Dr. Punita Kumar Sinha was a member of the Stakeholders Relationship Committee during the year and resigned as member w.e.f. 31.08.2020.

During the Financial Year 2020-21, no meeting of Stakeholders Relationship Committee were held.

The brief terms of references of the Stakeholders Relationship Committee, inter-alia include as under:

- i. To assist the Board and the Company to redress shareholders, debenture holders, security holders and investors complaints if any, but not limited to transfer/transmission of shares, non-receipt of annual report, non-receipt of interest on bonds / declared dividends, issue of new/duplicate certificates, general meetings etc;
- ii. Review of measures taken for effective exercise of voting rights by shareholders;
- iii. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent;
- iv. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends as and when declared and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;
- v. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- vi. To approve, register, refuse to register transfer or transmission of shares and other securities;
- vii. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
- viii. Allotment and listing of shares;
- ix. To authorise affixation of common seal of the Company, if required;
- x. To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;

- xi. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- xii. To dematerialize or rematerialize the issued shares;
- xiii. Ensure proper and timely attendance and redressal of investor queries and grievances;
- xiv. Carrying out any other functions contained in the Companies Act, 2013 (including Section 178) and/or equity listing agreements (if applicable), as and when amended from time to time; and
- xv. To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Mr. Suresh Jain, Chairman and Mr. Rishi Gupta, member of the Committee was present at the Annual General Meeting held September 30, 2020.

8. IPO Committee

The Board of Directors have constituted IPO Committee on February 11, 2021 and during the year under review one (1) IPO committee meeting was held February 16, 2021. The attendances of the Directors are as under:

Name of the Director/Member	No of Meetings attended
Mrs. Deena Mehta	1
Mr. M K Chouhan	1
Mr. Amit Jain	1
Mr. Rishi Gupta	1

The brief terms of references of the IPO Committee, inter-alia include as under:

- i. To make applications to the Government of India, Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI"), or to any other statutory or governmental authorities in connection with the Offer as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- ii. to decide, in consultation with various advisors, various terms and conditions of the Offer, including size, timing, listing jurisdictions and Equity Shares to be offered in the Offer, and to make any amendments, modifications, variations or alterations thereto;

- iii. to consider and invite existing shareholders of the Company to offer their Equity Shares for sale through the Offer and take all steps in connection with such offer for sale;
- iv. to decide in consultation with the book running and lead managers ("BRLMs") on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer price, Offer size, and to accept any amendments, modifications, variations or alterations thereto;
- v. to appoint and enter into arrangements with various advisors or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;
- vi. to make applications to, seek clarifications and obtain approvals from, if necessary, from various statutory or governmental authorities in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary;
- vii. to do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required in connection thereof;
- viii. to authorise and approve the incurring of expenditure and payment of fees and expenses in connection with the Offer.
- ix. to finalize, settle, approve, adopt and file in consultation with the BRLM(s) where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC, RBI or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
- x. to appoint and enter into and terminate arrangements with the BRLM(s), underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate

letter with the BRLM(s) and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLM(s);

- xi. to negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;
- xii. to seek, if required, the consent and/or waiver of the lenders of the Company, customers, investors, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;
- xiii. to open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- xiv. to open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- xv. to accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
- xvi. to approve code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Company and other employees of the Company;
- xvii. to approve the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and listing

- agreements to be entered into by the Company with the relevant stock exchanges, to the extent allowed under law;
- xviii. to issue receipts / allotment letters / confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;
 - xix. to authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
 - xx. to do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLM(s);
 - xxi. to make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
 - xxii. to settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;
 - xxiii. to submit undertaking/certificates or provide clarifications to the SEBI, Registrar of Companies, Mumbai, RBI and the relevant stock exchange(s) where the Equity Shares are to be listed;
 - xxiv. to negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

- xxv. to delegate any of its powers set out in this resolution, as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;
- xxvi. to approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws/Regulations/Guidelines;
- xxvii. to approve the list of 'group of companies' of the Company, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;
- xxviii. deciding, negotiating and finalizing the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLM(s) and in accordance with applicable laws;
- xxix. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;
- xxx. to withdraw the DRHP or the RHP or to decide not to proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLM(s);
- xxxi. to appoint, in consultation with the BRLM(s), the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, to remunerate all such intermediaries/agencies including the payments of commissions, brokerages, etc. and to terminate any agreements or arrangements with such intermediaries/ agents.

Board Evaluation

The Board of Directors has carried out an annual evaluation of its performance, Board Committees and individual Directors as required under the Companies Act, 2013. Further, performance evaluation of Independent Director was done by the entire Board of Directors, excluding the Director being evaluated as required under Schedule IV of Companies Act, 2013. Structured evaluation was conducted after seeking inputs from all directors on the basis of the criteria such as board composition, structure, board processes and their effectiveness, role, information given to Board etc.

The Board of Directors had expressed their satisfaction with the evaluation process.

Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013, and based on the representations received from the operating management, the Directors hereby confirm that:

- (a) that in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies, consulted the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2021 and of the profit of the Bank for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annual Return

In accordance with the provision of Section 92 (3) of the Act, the copy of the annual return in the prescribed form MGT 7 is uploaded on website of the Bank www.finobank.com.

Auditors & Auditors' Report

M/s. MSKC & Associates LLP (formerly R.K. Kumar & Co.) (Registration No. 001595S) Statutory Central Auditors of the Bank would retire at the ensuing Annual General Meeting.

The Company exempted the presence of Statutory Auditors in the Annual General Meeting.

Statutory Auditors' Report

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report is unmodified and does not contain any qualification, reservation or adverse remark.

Cost Auditors

During Financial Year 2020-21, the Bank was not required to appoint Cost Auditor.

Secretarial Auditor and Secretarial Auditors' Report

M/s. DM & Associates Company Secretaries LLP, the Secretarial Auditor has conducted Secretarial audit for the Financial Year 2020 - 2021 as required under Section 204 of the Companies Act, 2013 and the report does not contain any qualification. The Secretarial Audit report is annexed as **Annexure A**.

The Company exempted the presence of Secretarial Auditors in the Annual General Meeting.

Compliance with Secretarial Standards

During Financial Year 2020-21, The Bank has complied with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and adopted under the Act.

Detail of Subsidiary / Joint Venture/Associate Companies/Holding Company

During Financial Year 2020-21, The Bank does not have any subsidiary, joint venture or associate Company. The details of holding company are given below:

Sr. No.	Name of the Company	Whether incorporated/ acquired/ converted	Year of Incorporation	Status
1.	Fino PayTech Limited	Incorporated	2006	Holding Company

Disclosures under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014

As required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the disclosures regarding Conservation of

Energy, Research and Development, Technology Absorption and Innovation, and Foreign Exchange Earnings/ Outgo are set out in the **Annexure B** which is forming part of this report.

Particulars of Employees

The Disclosures for employees covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to Bank.

Related Party Transactions

Transactions entered into with Related Parties are in ordinary course of business and on arm's length basis and the same do not attract the provisions of Section 188 of the Companies Act, 2013. All material related party transactions are set out in Form AOC-2 (as per Section 134 of the Companies Act, 2013) is annexed herewith as **Annexure C**. The details of the related party as required under Accounting Standard 18 are set out in notes to accounts to the financial statements.

Particulars of Loans, Guarantees or investments

Pursuant to Section 186(11) of the Companies Act, 2013, loan made, guarantee given or security provided by a Banking Company in the ordinary course of business are exempted from disclosure requirements under Section 134(3)(g) of the Companies Act, 2013.

The particulars of investments made by the Bank are disclosed in Financial Statements as per the applicable provisions of The Banking Regulation Act, 1949.

Risk Management

Your Bank has in place a comprehensive Risk Management framework supported by detailed policies and processes for management of Market Risk, Liquidity Risk, Operational Risk and various other Risks.

The Risk and Asset Liability Management Committee of the Board inter-alia overviews implementation of the risk management processes and policies within your Bank.

Attention is drawn to notes no. 42 of the Financial Statements which describes that extent to which the Covid-19 pandemic will impact the Bank's financial statement will

depend on future developments, which are highly uncertain and the Bank shall continue to closely monitor any material changes to future economic conditions.

Vigil Mechanism/Whistle Blower

The Bank has Vigil Mechanism in place as required under Section 177 of the Companies Act, 2013 for the directors and employees to report genuine concerns and the mechanism provides for adequate safeguards against victimization of persons who use such mechanism and makes provisions for direct access to the Chairman of the Audit Committee in appropriate cases.

Reporting of Frauds

There have been no instance of fraud reported by statutory Auditors under 143 (12) of the Act and Rules framed there under either to the Bank or to the Central Government.

Internal Auditor

As per the provision of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Auditors presented their report to the Audit Committee on a quarterly basis. The scope, functioning, periodicity and methodology for conducting the internal audit have been formulated in consultation with the Audit Committee and the Board of Directors.

Internal Controls and their adequacy

The Bank has an Internal Control System, commensurate with the size, scale and complexity of its operations. Internal Audit Control System ensures that the regular internal audits are conducted at both the branches and other functional areas. The findings are then taken up by Audit Committee along with management response for suitable action. The Bank has an adequate and effective internal audit system, covering on a continuous basis, the entire gamut of operations and services spanning all locations, business and functions. The Audit Committee monitors the Internal Audit System on regular intervals and directs necessary steps to further improve the Internal Control system.

Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

Deposits

Being a Banking Company, disclosures required in accordance with Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 are not applicable to your Bank

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Bank is an equal opportunity employer and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. It strongly believes in upholding the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type are strictly prohibited.

The Bank has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under the policy.

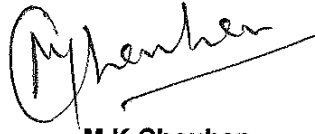
Details of complaints received and resolved by the ICC during the FY 2019-20 are as follows:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	2
Number of complaints disposed during the year	2
Number of complaints pending at the end of the of the year	0

Acknowledgement

The Board of Directors take this opportunity to thank customers, business associates, Government authorities, shareholders, employees and all the stakeholders for their consistent support and confidence reposed by them in the Bank and look forward to their valuable support in the future plans of the Bank.

For and on behalf of the Board of Directors



M.K Chouhan

Place :Navi Mumbai

Date : May 15, 2021

Non-Executive Chairman & Independent Director



DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

[Firm Registration No: L2017MH003500] [Peer Review Certificate: 758/2020]
REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097
Tel No. 022-28443641 Email: dmassociatesllp@gmail.com

- c. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- f. The SEBI(Prohibition of Insider Trading) Regulations, 2015;
- g. 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;
- h. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has complied with the following laws applicable specifically to the Company:

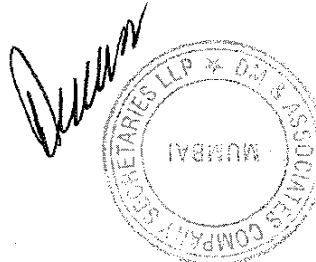
1. The Banking Regulations Act, 1949 and the rules made thereunder;
2. The Reserve Bank of India Act, 1934;
3. The RBI Operating Guidelines for payment banks dated October 06, 2016;
4. Master Directions on Issuance and Operation of Prepaid Payment Instruments;
5. The Reserve Bank of India Guidelines dated November 27, 2014 for Licensing of Payment Banks;
6. The Payment and Settlement Act, 2007 read with all the Master Directions issued by the RBI in this regard;
7. The Board for Regulation and Supervision of Payment and Settlement Systems Regulations, 2008;
8. The Payment and Settlement Systems Regulations, 2008;
9. Deposit Insurance and Credit Guarantee Corporation Act, 1961;
10. The BR (Companies) Rules, 1949 and
11. Master Direction - Know Your Customer (KYC) Direction issued by Reserve Bank of India Act and amended from time to time.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Stock Exchange:
Not Applicable;

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

We further report that



DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

[Firm Registration No: L2017MH003500] [Peer Review Certificate: 758/2020]
REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097
Tel No. 022-28443641 Email: dmassociatesllp@gmail.com

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 detailed notes on agenda were sent at least seven days in advance and System exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

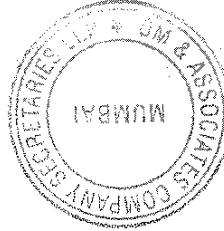
Majority decisions were carried out unanimously. None of the members of the Board have expressed dissenting views on any of the agenda items during the Audit period.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no specific events took place.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Dinesh Kumar Deora
Senior Partner
FCS NO 5683
C P NO 4119
UDIN: F005683C000293047



Place: Mumbai
Date: 13th May, 2021

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.

DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

[Firm Registration No: L2017MH003500] [Peer Review Certificate: 758/2020]
REGD. OFFICE: # 205, NADLADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097
Tel No. 022-28443641 Email: dmassociatesllp@gmail.com

ANNEXURE - I

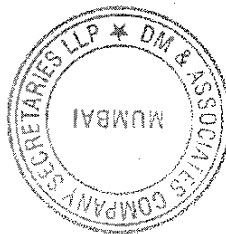
To
The Members,
FINO PAYMENTS BANK LIMITED
Mindspace Juinagar, 8th Floor, Plot No. Gen 2/1/F,
Tower 1, TTC Industrial Area,
MIDC Shirwane,
Juinagar Navi Mumbai
Thane 400706

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DM & Associates Company Secretaries LLP
Company Secretaries
ICSI Unique Code L2017MH003500

Dinesh Kumar Deora
Senior Partner
FCS NO 5683
C P NO 4119
UDIN: F005683C000293047



Place: Mumbai
Date: 13th May, 2021

ANNEXURE B

Annexure to the Directors' Report

INFORMATION RELATING TO CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND INNOVATION, AND FOREIGN EXCHANGE EARNINGS/ OUTGO FORMING PART OF THE DIRECTORS' REPORT IN TERMS OF SECTION 134 OF THE COMPANIES ACT, 2013.

A. Research & Development

During the year under review, Bank had conducted various In-house development activities in the following areas. Focus was mainly on creating generic plug & play interfaces for various transactions so that these can be not only consumed by Bank but can also extended to Partners and Merchants.

1. Payments Bank

a. Teller / Merchant Application

Added value to existing applications by adding new products and enhancing existing products on Web Teller and FOS. Also enabled the same for Merchant on Web and Mobile.

b. API Banking & Integrations

Considering large flow of CMS clients, we have developed generic white label approach for on-boarding CMS clients. With this approach plugging-in new CMS client is been easy and faster now.

We have also created API's and SDK for AEPS/MATM/CMS transactions. These API's are used by Banks different Partners to integrate and initiate transactions from their own platform.

Further we have created "Account Opening" API's and integrated with partner to scale customer base.

c. Launched new products & Created larger platform for Fino Payments Bank(Fino)

We have now extended Fino solution (M-ATM) on multiple devices like Pin-Pax, Evolute, WPOS, MPOS etc.

Extended Banks application on VisionTek POS terminals so as to grab PDS merchants.

We have implemented UPI 2.0 with new features one that will directly impact P2M transactions.

FastTag issuance for Assisted channel.

Extending business loan/working capital loans to Fino BC merchant in tieup with multiple lenders on a referral model.

Prepaid card launch with corporate partners.

Enabled AEPS cash deposit services on our own channel to extend our cashflow.

Extended AEPS service on IRIS device for mobile application.

Integrated IMPS 3.5 with NPCI which give us margin impact.

We have on-boarded new insurance products & clients. We are extending Insurance and Account opening products on Merchant Channels.

d. Extending CASA

- i. Implementation of Subscription base products
- ii. Further we are implementing VKYC base customer onboarding.
- iii. CASA+, this is an auto sweep extended account in partner bank and created all the interface to pull money.

e. Upgrades

Have upgraded products & its process flows with NKYC and EKYC.

Providing services over all channels like BPay with UPI and CASA+

f. Analytics

After rollout of SAS, we now extended the same to profiling customer as well as merchants. This will enhance product offering to customer and performance of Merchants. Enhancing it further for cross sell.

g. Other Systems implemented

Implementing Gyankosh (Knowledge Management System), ChatBot, New Merchant Home Page, Inventory system & CRM.

Integrated with claverTap to extend our communication with merchant and customer.

Rewards points and readmission system for merchant.

RPA – Automation implemented for Cashin and account DVU activity.

h. Acquiring

We started integration with third party industry player like Lyra. This will provide Fino a ready platform to hit BPCL outlets and merchant.

4. Security

- Implementation of a 24 x 7 Security Operations Center (SOC)
- DLP (Data leak Prevention) System deployed.
- MDM (Mobile Device Management) Systems deployed for Mobile devices security.

5. Production systems

Capacity review was done on Servers, Storage and Networks and required augmentations to capacities (CPU, Memory, Storage) were done.

Network optimizations were carried out to strengthen security and performance. Server consolidation was done for optimization and better management. Half yearly IT DR Drills completed successfully.

C. Technology absorption

- a. All Payments Bank applications are mostly using CBS (Core Banking system) provided by "FIS" (FIS Payments and Solutions India Private Limited)
- b. For digital signing of documents Company is using system from "Digio"
- c. DMS (Document Management Server) workflows are created in Servosys system"

The aforesaid Technologies have been absorbed by the Bank to the extent possible.

For and on behalf of the Board of Directors



Mr. M.K Chouhan

Non-executive Chairman & Independent Director

Place : Navi Mumbai

Date : May 15, 2021



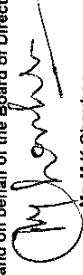
ANNEXURE C
Annexure to the Directors' Report

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third (Pursuant to clause (b) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Sl No.	Particulars	Amount (Rs)			Amount (Rs)		
		Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)	Amount (Rs)
1	Details of contracts or arrangements or transactions not at arm's length basis	There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2021, which were not at arm's length basis.					
(a)	Name(s) of the related party and nature of relationship						
(b)	Nature of contracts/arrangements/transactions						
(c)	Duration of the contracts/arrangements/transactions						
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any						
(e)	Justification for entering into such contracts or arrangements or transactions						
(f)	date(s) of approval by the Board						
(g)	Amount paid as advances, if any.						
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188						
2	Details of material contracts or arrangement or transactions at arm's length basis						
(a)	Name(s) of the related party and nature of relationship	Fino PayTech Ltd. - Holding Company	Fino Finance Pvt. Ltd. - Fellow Subsidiary	Bharat Petroleum Corporation Limited, Significant shareholder of Holding Company	Fino Finance Pvt. Ltd. - Fellow Subsidiary	Fino PayTech Ltd. - Holding Company	
(b)	Nature of contracts/arrangements/transactions	Reimbursement of Expenses	Reimbursement of Expenses	Rent for BPCL locations	Cash Management Services	Service Charges for Fleet cards Business	
(c)	Duration of the contracts/arrangements/transactions	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	On Actuals- Transaction Value of Rs. 2,04,05,309 Fino PayTech Limited allocates a portion of its office space for Fino Payments Bank so as to make sitting arrangements for limited number of employees for smooth functioning of day to day operations of the Bank. The cost of shared office space is derived on the basis of number of seats being utilised by the bank. Cost of office space used by the Bank = (Per employee seating cost at particular location of PayTech calculated at the month end * Number of employees/ seats of the Bank.	No. of Branches X fixed cost per branch per month- Transaction Value of Rs. 2,87,86,926. Fino Finance Private Limited shall make available some space in office premises in locations wherever available and required by Bank on need basis. Bank shall pay FFPL an amount towards use of office premises and overhead costs. Cross charge is calculated at per Branch and based on number of branches active for the time period.	In the normal course of business. Transaction Value - Rs. 50,62,423. BPCL has provided the space to Payments Bank for carrying out Payments Bank services and other allied facilities at its petrol pumps. This is towards the rent paid to BPCL for use of their premises as Fino Payments Bank's branch.	In the normal course of business- Amount of Rs. 66,08,756. Fino Payments Bank is providing cash management and collection services and cash deposit at branches/merchant points for Fino Finance Pvt Ltd.	In the normal course of business- Amount of Rs. 2,26,67,053. Fino Payments Bank is providing its infrastructure and wide distribution network to Fino PayTech Limited for carrying out Fleet card services for BPCL.	
(e)	Date(s) of approval by the Board, if any:	NIL	NIL	NIL	NIL	NIL	
(f)	Amount paid as advances, if any:	NIL	NIL	NIL	NIL	NIL	

For and on behalf of the Board of Directors



Mr. M.K Chouhan
Non-executive Chairman and Independent Director

Place : Navi Mumbai
Date : 15-May-21



& Associates

Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali Railway Colony
Ram Nagar, Goregaon (E) Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of Fino Payments Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fino Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account, Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021, its profit, and its 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 Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the 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.

Emphasis of Matter

We draw attention to Note 42 of Schedule 18 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the Bank's financial statements, will depend on future developments, which are uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time ("the RBI Guidelines"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, 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 purpose of our audit and have found them to be satisfactory;
 - b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit we visited 2 branches.
3. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Profit and Loss Account 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 to the extent they are not inconsistent with the accounting policies prescribed by RBI.
 - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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 Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g. 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 Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12, Schedule 17(C)(11) and Schedules 18(34)(iv) & 18(41) to the financial statements;

- ii. The Bank has made provision as at March 31, 2021, as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long term contracts. The Bank does not have any derivative contracts as at March 31, 2021;
- iii. There were no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.
- h. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

For MSKC & Associates (Formerly known as R K Kumar & Co)
Chartered Accountants
ICAI Firm Registration Number: 0015955

Tushar Kurani

Tushar Kurani
Partner
Membership Number: 118580

UDIN: 21118580AAAAC09438

Mumbai
May 15, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF FINO PAYMENTS BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Fino Payments Bank Limited on the Financial Statements for the year ended March 31, 2021]

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 Fino Payments Bank Limited ("the Bank") as of March 31, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to 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. 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 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 internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank'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 Bank'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 bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKC & Associates (Formerly known as R K Kumar & Co)
Chartered Accountants
ICAI Firm Registration Number: 001595S

Tushar Kurani

Tushar Kurani

Partner

Membership Number: 118580

UDIN: 21118580AAAAC09438

Mumbai

May 15, 2021

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

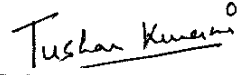
Balance Sheet
as at 31 March 2021

(Currency : Indian Rupees in thousands)

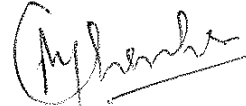
	<i>Schedule</i>	As at 31 March 2021	As at 31 March 2020
CAPITAL AND LIABILITIES			
Capital	1	4,45,800	4,45,800
Reserves and surplus	2	10,59,675	8,54,930
Deposits	3	24,28,362	11,75,295
Borrowings	4	18,07,977	11,07,903
Other liabilities and provisions	5	43,61,100	26,56,088
		1,01,02,914	62,40,016
ASSETS			
Cash and balances with Reserve Bank of India	6	8,83,171	13,08,079
Balances with banks and money at call and short notice	7	18,25,005	17,11,716
Investments	8	50,35,580	12,82,701
Advances	9	1,317	1,023
Fixed assets	10	6,42,180	4,94,922
Other Assets	11	17,15,661	14,41,575
		1,01,02,914	62,40,016
Contingent liabilities	12	40,136	43,403
Bills for collection		-	-
Significant accounting policies and notes to the financials	17 & 18		


As per our report of even date attached

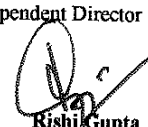
For **MSKC & Associates**
(Formerly known as R.K. Kumar & Co.)
Chartered Accountants
ICAI Firm Registration No: 001595S

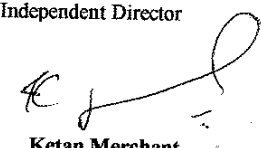

Tushar Kurani
Partner
Membership No: 118580


For and on behalf of the Board of Directors
Fino Payments Bank Limited


M K Chouhan
Non-executive Chairman &
Independent Director


Deena Mehta
Independent Director


Rishi Gupta
Managing Director &
Chief Executive Officer


Ketan Merchant
Chief Financial Officer


Basavraj Loni
Company Secretary &
AVP - Legal

Place : Mumbai
Date : 15 May 2021

Place : Navi Mumbai
Date : 15 May 2021

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Statement of Profit and Loss
for the year ended 31 March 2021

(Currency : Indian Rupees in thousands)

PARTICULARS	Schedule	For the year ended 31 March 2021	For the year ended 31 March 2020
I INCOME			
Interest earned	13	2,02,549	1,81,300
Other income	14	77,07,721	67,32,673
		79,10,270	69,13,973
II EXPENDITURE			
Interest expended	15	95,416	98,680
Operating expenses	16	75,69,891	71,25,320
Provisions and contingencies		40,220	10,335
		77,05,527	72,34,335
III PROFIT/LOSS			
Net profit /(loss) for the year		2,04,743	(3,20,362)
Profit/(loss) brought forward		(31,89,786)	(28,69,424)
		(29,85,043)	(31,89,786)
IV APPROPRIATIONS			
Transfer to statutory reserve		51,186	-
Balance carried over to Balance Sheet		(30,36,229)	(31,89,786)
EARNING PER EQUITY SHARE (Face value of Rs.10 per share)			
Basic (Rs.)		4.59	(7.19)
Diluted (Rs.)		4.59	(7.19)

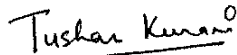
Significant accounting policies and notes to the financials

17 & 18

The schedules referred to above form an integral part of the Statement of profit and loss

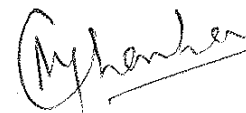
As per our report of even date attached

For MSKC & Associates
(Formerly known as R.K. Kumar & Co.)
Chartered Accountants
ICAI Firm Registration No: 001595S



Tushar Kurani
Partner
Membership No: 118580

For and on behalf of the Board of Directors
Fino Payments Bank Limited



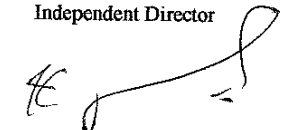
M K Chouhan
Non-executive Chairman &
Independent Director



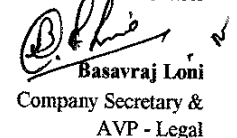
Deena Mehta
Independent Director



Rishi Gupta
Managing Director &
Chief Executive Officer



Ketan Merchant
Chief Financial Officer



Basavraj Loni
Company Secretary &
AVP - Legal

Place: Mumbai
Date: 15 May 2021

Place: Navi Mumbai
Date: 15 May 2021

Cash Flow Statement

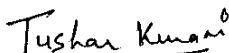
for the year ended 31 March 2021

(Currency : Indian Rupees in thousands)

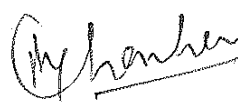
Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
I Cash Flow from operating activities		
Net Profit/(Loss) for the Year before tax	2,04,743	(3,20,362)
Adjustments for:-		
Loss / (Profit) on Sale of Fixed Assets (Net)	6,374	(2,859)
Add : Non-Cash Expenditure		
Depreciation	5,35,834	2,35,659
Provision for doubtful debts and advances	40,220	10,335
Gratuity	18,155	22,969
Compensated absence	9,736	9,514
Cash Flow before working capital changes	8,15,062	(44,744)
Adjustments for working capital changes:-		
Increase/(decrease) in deposits	12,53,067	6,99,895
(Increase)/decrease in advances	(294)	(224)
Increase/(decrease) in other liabilities and provisions	16,77,120	(12,91,599)
(Increase)/decrease in investments	(37,52,879)	(5,50,676)
(Increase)/decrease in other assets	(4,09,364)	2,82,366
Direct tax(paid)/received (net of refunds)	95,059	68,247
Net Cash Flow from / (used in) operating activities (A)	(3,22,229)	(8,36,735)
II Cash Flow from investing activities		
Purchase of Fixed Asset (including capital work in progress)	(6,90,385)	(3,09,336)
Sale of Fixed assets	921	3,920
Net Cash flow from / (used in) Investing activities (B)	(6,89,464)	(3,05,416)
III Cash Flow from financing activities		
Increase in Borrowings	7,00,074	2,78,874
Net cash from financing activities (C)	7,00,074	2,78,874
IV Net (decrease)/increase in cash and cash equivalents during the year (A + B + C)	(3,11,619)	(8,63,277)
V Cash and cash equivalents at the beginning of the year	30,19,795	38,83,072
VI Cash and cash equivalents at the end of the year	27,08,176	30,19,795
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and balances with Reserve Bank of India (Refer Schedule 6)	8,83,171	13,08,079
(ii) Balances with banks and money at call and short notice (Refer Schedule 7)	18,25,005	17,11,716
Cash and cash equivalents at the end of the year	27,08,176	30,19,795


As per our report of even date attached

For MSKC & Associates
(Formerly known as R.K. Kumar & Co.)
Chartered Accountants
ICAI Firm Registration No: 0015955



Tushar Kurani
Partner
Membership No: 118580

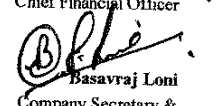
For and on behalf of the Board of Directors
Fino Payments Bank Limited


M K Chouhan
Non-executive Chairman &
Independent Director


Deena Mehta
Independent Director


Rishi Gupta
Managing Director &
Chief Executive Officer


Ketan Merchant
Chief Financial Officer


Basavraj Loni
Company Secretary &
AVP - Legal

Place: Mumbai
Date: 15 May 2021

Place: Navi Mumbai
Date: 15 May 2021

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements

as at 31 March 2021

(Currency : Indian Rupees in thousands)

1 CAPITAL

Particulars

31 March 2021 31 March 2020

Authorised Capital

85,000,000 ordinary equity shares of Rs. 10/- each
(previous year 85,000,000 ordinary equity shares of Rs. 10/- each)

8,50,000 8,50,000

Issued, subscribed and paid-up capital

44,579,997 ordinary equity shares of Rs. 10/- each
(previous year 44,579,997 ordinary equity shares of Rs. 10/- each)

4,45,800 4,45,800

TOTAL

4,45,800 4,45,800

2 RESERVES & SURPLUS

Particulars

31 March 2021 31 March 2020

1. Statutory Reserve

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year

51,186 -

Total

51,186 -

2. Capital Reserve

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year

- -

Total

- -

3. Revaluation Reserve

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year (Depreciation on revalued portion credited to Statement of Profit and Loss)

- -

Total

- -

4. Share Premium

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year

40,44,718 40,44,718

Total

40,44,718 40,44,718

5. Revenue & Other Reserves

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year

- -

Total

- -

6. Investment Reserve

(i) Opening balance
(ii) Addition during the year
(iii) Deduction during the year

- -

Total

- -

7. Balance in Statement of Profit & Loss

(30,36,229) (31,89,788)

TOTAL (1 to 7)

10,59,675 8,54,930

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)
as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

3 DEPOSITS

Particulars	31 March 2021	31 March 2020
A. 1. Demand deposits		
i) From banks	-	-
ii) From others	16,301	16,404
Total	<u>16,301</u>	<u>16,404</u>
2. Savings bank deposits	24,12,061	11,58,891
3. Term deposits		
i) From banks	-	-
ii) From others	-	-
Total	<u>-</u>	<u>-</u>
TOTAL (1 to 3)	<u>24,28,362</u>	<u>11,75,295</u>
B. i. Deposits of branches in India	24,28,362	11,75,295
ii. Deposits of branches outside India	-	-
TOTAL	<u>24,28,362</u>	<u>11,75,295</u>

4 BORROWINGS

Particulars	31 March 2021	31 March 2020
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other banks	5,07,974	11,07,903
(iii) Other institutions and agencies	13,00,003	-
(iv) Subordinated debt	-	-
Total	<u>18,07,977</u>	<u>11,07,903</u>
2. Borrowings outside India	-	-
TOTAL (1 + 2)	<u>18,07,977</u>	<u>11,07,903</u>

5 OTHER LIABILITIES AND PROVISIONS

Particulars	31 March 2021	31 March 2020
1. Bills payable	-	-
2. Inter office adjustments (Net)	-	-
3. Interest accrued	198	372
4. Others (including provisions)	43,60,902	26,55,716
TOTAL (1 to 4)	<u>43,61,100</u>	<u>26,56,088</u>

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)
as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

Particulars	31 March 2021	31 March 2020
1. Cash in hand	63,867	1,05,760
2. Balances with Reserve Bank of India		
(i) In current account	8,19,304	12,02,319
(ii) In other accounts	-	-
TOTAL (1 + 2)	8,83,171	13,08,079

7 BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

Particulars	31 March 2021	31 March 2020
1. In India		
(i) Balances with banks		
a) In current accounts	5,19,771	3,21,680
b) In other deposit accounts	13,05,234	13,90,036
(ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
Total (i+ii)	18,25,005	17,11,716
2. Outside India		
(i) In current accounts	-	-
(ii) In other deposit accounts	-	-
(iii) Money at call and short notice	-	-
Total (i+ii+iii)	-	-
TOTAL (1 + 2)	18,25,005	17,11,716

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)

as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

8 INVESTMENTS

Particulars	31 March 2021	31 March 2020
1. Investments in India in		
(i) Government securities	50,35,580	12,82,701
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures & bonds	-	-
(v) Subsidiaries / joint venture	-	-
(vi) Others	-	-
Total	50,35,580	12,82,701
* Details of Others (vi)		
(i) NABARD / SIDBI / NHB Deposit	-	-
(ii) Commercial paper & certificates of deposit	-	-
(iii) Mutual funds	-	-
(iv) Venture capital fund	-	-
(v) Pass through certificates	-	-
(v) Security receipts	-	-
Total	-	-
2. Investments Outside India in		
(i) Government securities (Including local authorities)	-	-
(ii) Subsidiaries / joint venture abroad	-	-
(iii) Other investments	-	-
Total	-	-
TOTAL (1 + 2)	50,35,580	12,82,701
3 Investments		
(i) Gross value of investments		
a) In India	50,35,580	12,82,701
b) Outside India	-	-
(ii) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
(iii) Net value of investments		
a) In India	50,35,580	12,82,701
b) Outside India	-	-
Total	50,35,580	12,82,701

X

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)

as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

9 ADVANCES

Particulars	31 March 2021	31 March 2020
A.		
(i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	1,317	1,023
Total	<u>1,317</u>	<u>1,023</u>
B.		
(i) Secured by tangible assets (Includes advances against fixed deposits and book debts)	-	-
(ii) Covered by bank/government guarantees	-	-
(iii) Unsecured	1,317	1,023
Total	<u>1,317</u>	<u>1,023</u>
C.1 Advances in India		
(i) Priority sector	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	1,317	1,023
Total	<u>1,317</u>	<u>1,023</u>
C.2 Advances Outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
a) Bills purchased and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
Total	<u>-</u>	<u>-</u>
TOTAL (C.1 + C.2)	<u>1,317</u>	<u>1,023</u>

X

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)

as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

10 FIXED ASSETS

Particulars

31 March 2021

31 March 2020

1. Premises (including land)

- (i) At cost at 31 March of the preceding year
- (ii) Additions during the year
- Total
- (iii) Deductions during the year
- (iv) Accumulated depreciation to date

-	-
-	-
-	-
-	-
-	-

Total

-	-
---	---

2. Other Fixed Assets (including furniture and fixtures)

- (i) At cost at 31 March of the preceding year
- (ii) Additions during the year
- Total
- (iii) Deductions during the year
- (iv) Accumulated depreciation to date

10,92,087	7,91,574
6,76,683	3,08,410
17,68,770	10,99,984
28,668	7,898
11,16,026	6,01,564

Total

6,24,076	4,90,522
----------	----------

3. Assets given on Lease

- (i) At cost at 31 March of the preceding year
- (i) Lease equalisation - opening balance
- (ii) Additions during the year
- (iii) Less: Provision held
- (iv) Accumulated depreciation to date

-	-
-	-
-	-
-	-
-	-

Total

-	-
---	---

4. Capital work in progress

18,104	4,400
--------	-------

TOTAL (1 to 4)

6,42,180	4,94,922
----------	----------

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)

as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

11 OTHER ASSETS

Particulars	31 March 2021	31 March 2020
1. Inter-office adjustment (Net)	-	-
2. Interest accrued	13,604	11,162
3. Tax paid in advance/tax deducted at source (Net of provision)	47,987	1,43,046
4. Stationery and stamps	-	-
5. Deferred tax assets (Net) (Refer Schedule 18-Note 13)	-	-
6. Others	16,54,070	12,87,367
TOTAL (1 to 6)	17,15,661	14,41,575

12 CONTINGENT LIABILITIES

Particulars	31 March 2021	31 March 2020
1. Claims against the bank not acknowledged as debts	-	-
2. Liability for partly paid investment	-	-
3. Liability on account of outstanding forward exchange contracts	-	-
4. Liability on account of outstanding derivative contracts	-	-
(i) Interest rate swaps	-	-
(ii) Cross currency swaps	-	-
(iii) Currency options	-	-
(iv) Currency futures	-	-
(v) Interest rate futures	-	-
5. Guarantees given on behalf of constituents	-	-
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable	-	-
a) Income tax & other matters (under appeal)	3,311	6,578
b) Others	36,825	36,825
TOTAL (1 to 7)	40,136	43,403

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedules to the Financial Statements (Continued)

as at 31 Mar 2020

(Currency : Indian Rupees in thousands)

13 INTEREST EARNED

Particulars

For the Year ended
31 Mar 2021

For the Year ended
31 Mar 2020

1.	Interest / Discount on Advances / bills	61	88
2.	Income on Investments	1,00,781	48,164
3.	Interest on balances with Reserve Bank of India and other inter-bank funds	94,048	1,24,666
4.	Other interest	7,659	8,382
TOTAL (1 to 4)		2,02,549	1,81,300

14 OTHER INCOME

Particulars

For the Year ended
31 Mar 2021

For the Year ended
31 Mar 2020

1.	Commission, Exchange and Brokerage	67,55,641	60,45,353
2.	Profit/(loss) on sale of Investments (Net)	-	(90)
3.	Profit/(loss) on sale of land, building and other assets (Net)	(6,374)	2,859
4.	Profit/(loss) on exchange transactions (Net)	-	-
5.	Miscellaneous Income	9,58,454	6,84,551
TOTAL (1 to 5)		77,07,721	67,32,673

15 INTEREST EXPENDED

Particulars

For the Year ended
31 Mar 2021

For the Year ended
31 Mar 2020

1.	Interest on Deposits	44,287	27,651
2.	Interest on Reserve Bank of India / Inter-Bank Borrowings	35,733	70,872
3.	Others	15,396	157
TOTAL (1 to 3)		95,416	98,680

16 OPERATING EXPENSES

Particulars

For the Year ended
31 Mar 2021

For the Year ended
31 Mar 2020

1.	Payments to and provisions for employees	11,47,116	12,38,830
2.	Rent, taxes and lighting	1,25,698	1,70,520
3.	Printing and stationery	11,074	9,181
4.	Advertisement and publicity	86,363	70,833
5.	Depreciation on banks property	5,35,834	2,35,659
6.	Director's fees Allowances and expenses	7,054	6,837
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	4,000	4,320
8.	Law Charges	30,468	32,269
9.	Postage, Telegrams, Telephones, etc.	1,18,655	1,10,556
10.	Repairs and maintenance	76,214	61,978
11.	Insurance	31,107	26,434
12.	Other Expenditure	53,96,308	51,57,903
TOTAL (1 to 12)		75,69,891	71,25,320

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements

for the year ended 31 March 2021

A. Background and nature of operations

Fino Payments Bank Limited ('the Bank') was originally incorporated as Fino Fintech Foundation on 23 June 2007, for promoting objects of the nature specified in Section 8, sub-section (1), clause (a) of the Companies Act, 2013 ('the Act') and that it intends to apply its profits if any, or other income in promoting its objects and to prohibit the payment of any dividends to its members.

The Reserve Bank of India ('RBI') issued a license to the Bank on 30 March 2017 under Section 22 (1) of the Banking Regulation Act, 1949 to carry on the business of Payments Bank in India. Pursuant to the resolution passed in the extra ordinary general meeting held on 31 March 2017, the name of the Bank was changed from Fino Fintech Limited to Fino Payments Bank Limited with effect from 04 April 2017. The Bank commenced operations as a Payments Bank with effect from 30 June 2017. The Bank offers services such as current and savings accounts, remittances, business correspondent, mobile banking, bill payments and third party financial products distribution. The Bank is engaged in providing various types of financial services to the rural, poor and underserved and unserved classes to help them be economically self-reliant.

The Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.NBD.No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021.

Fino Payments Bank Limited is a wholly owned subsidiary of FINO PayTech Limited ('the Holding Company') which is engaged in providing business and banking technology platform based solutions and services related to financial inclusion.

These financial statements are presented in Indian Rupees ('Rupees' or 'Rs.') and all amounts are rounded to the nearest thousands, except as stated otherwise.

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

B. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India (GAAP), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time, Accounting Standards (AS) specified under Section 133 of the Act read together with paragraph 7 of the companies (Accounts) rules 2014 to the extent applicable, in so far as they apply to bank's and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C. Principal accounting policy

1. Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM) categories (hereinafter called "categories"). Subsequent shifting amongst the categories, if done, is also done in accordance with these guidelines. HTM investments are made only out of own funds.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The Bank follows settlement date accounting for recording purchase and sale of investments.

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements *(Continued)*

for the year ended 31 March 2021

C. Principal accounting policy *(Continued)*

1. Investments *(Continued)*

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost:

Broken period interest on debt instruments and government securities are considered as a revenue item under Statement of Profit and Loss as per RBI guideline. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments is recognised in Statement of Profit and Loss.

Disposal of Investments:

- a. Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the Statement of Profit and Loss.
- b. Investment classified as HTM - Profit on sale or redemption of investment is recognised in the Statement of Profit and Loss and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale of redemption is recognised in the Statement of Profit and Loss.

Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India (PDAI) jointly with Financial Benchmark India Pvt Ltd (FBIL), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio (SLR), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity (YTM) rates published by FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Rs. 1 as per the RBI guidelines.

X

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

for the year ended 31 March 2021

C. Principal accounting policy (Continued)

1. Investments(Continued)

Valuation(Continued):

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield to maturity basis.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Statement of Profit and Loss. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. The provision are made for a diminution other than temporary, in the value of investments classified under HTM. Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Statement of Profit and Loss until received.

In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

2. Advances

As per the Operating guidelines for Payments Bank issued by RBI on 06 October 2016('the Operating Guidelines'), Payments Banks (PBs) are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Operating guidelines, the Bank has classified employee loans as advances, as per the Employee loan policy, duly approved by Board. Employees who are confirmed and have completed at least one year of service with the Bank are entitled to avail loan. The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.



Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

for the year ended 31 March 2021

C. Principal accounting policy (Continued)

3. Deposits

As per the Operating guidelines PBs can accept only savings and current deposits. The aggregate limit per customer shall not exceed Rs. 100,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the Bank may collect from any of its service providers in the ordinary course of business.

4. Fixed assets and depreciation

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Capital work in progress is valued at cost.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in Statement of Profit and Loss on the date of retirement or disposal.

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses if any.

Depreciation is charged over the estimated useful life of the fixed assets. The management believes that the useful life of assets assessed by the Bank, pursuant to the Act, taking into account changes in the environment, changes to the technology, the utility and the efficacy of the asset in use, fairly reflects its estimate of useful life of the fixed assets. The estimated useful life of key fixed assets are given below

Class of asset	Useful life
Computers hardware	3 Years
Motor car	5 Years
Office equipments	5 Years
Furniture and fixtures	10 Years
Leasehold improvements	Over the period of lease
Computer software	5 Years
Plant and machinery	5 Years

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (Continued)

for the year ended 31 March 2021

C. Principal accounting policy (Continued)

4. Fixed assets and depreciation (Continued)

All fixed assets are depreciated as per written down value method except for Leasehold improvements, Computer hardware, Computer software and Plant and machinery, which are being depreciated as per straight line method.

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

5. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. 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 recognised in the statement of Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

7. Revenue recognition

- (i) Interest income on deposits with Banks and financial institutions is recognised on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.
- (ii) Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.

X

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (*Continued*) for the year ended 31 March 2021

C. Principal accounting policy (*Continued*)

7. Revenue recognition(*Continued*)

- (iii) Transaction fee is recognised on the completion of individual transactions made through Point of Transaction (POT) devices.
- (iv) Disbursement fee includes remittance and service fees which are recognised based on the amount of disbursements / remittances / collections made through POT devices.
- (v) Business correspondent fee is recognised on the allotment of POT devices to individual agents.
- (vi) Account maintenance fees are recognised on the basis of number of accounts maintained.
- (vii) Agent registration fee is recognised on receipt of non-refundable agent deposit.
- (viii) Insurance broking income is recognised based on the numbers of policies sold to customers on behalf of insurance companies.
- (ix) Service revenue is recognised on completion of provision of services. Revenue, net of discount is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realization of consideration.
- (x) Field support service is recognised on distribution of cards to the accountholders.
- (xi) Third party financial products processing fees are recognised on an upfront basis.
- (xii) Retail income including subscription charges and annual charges relating to debit cards issuance is recognised to the extent of balance available in the customer's account.
- (xiii) All other fees are accounted for as and when they become due.

8. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. The total lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term. A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease.

X

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (*Continued*)

for the year ended 31 March 2021

C. Principal accounting policy (*Continued*)

9. Taxation

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961) and deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax ('MAT')

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

10. Earnings per share

The Bank reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements *(Continued)* *for the year ended 31 March 2021*

C. Principal accounting policy *(Continued)*

11. Provisions, contingent liabilities and contingent assets

The Bank 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.

Loss contingencies arising from claims, litigations, assessment fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

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 recognised 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 recognised in the period in which the change occurs.

12. Provision for bad and doubtful debts

The Bank creates 100% provision against all receivables outstanding for more than 180 days or earlier where recovery is considered doubtful.

13. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other Bank's and money at call and short notice.

14. Employee benefits

Post employment benefits

Defined contribution plan

The Bank makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Bank's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Fino Payments Bank Limited

(formerly known as Fino Fintech Limited)

Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (*Continued*) for the year ended 31 March 2021

C. Principal accounting policy (*Continued*)

14. Employee benefits(*Continued*)

Defined benefit plan

The Bank's gratuity benefit scheme is a defined benefit plan. The Bank'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 unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Bank's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

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

Compensated absences

Compensated absences balance upto 7days are encashed at the end of financial year on the basic salary. Encashment of more than 7 days of leave is not permitted. Leave balance over 7 days will lapse at the end of financial year.

15. Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

16. Share Issue Expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013 and post approval from RBI in accordance with RBI/2006- 07/132 DBOD.BP.BC No. 31 / 21.04.018/ 2006-07

Fino Payments Bank Limited

(Formerly known as Fino Fintech Limited)

Notes to accounts forming part of financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in crore)

Schedule 18 - Notes to accounts (Continued)

1. Capital adequacy

Capital adequacy ratio as per the Guidelines and as per Basel II Standardized Approach for Credit Risk, as at 31 March 2021 is given below:

Particulars	(Rs. in crore)	
	2020-21	2019-20
(i) Common Equity Tier 1 (CET) capital ratio (%)	56.25%	60.87%
(ii) Tier I capital ratio (%)	56.25%	60.87%
(iii) Tier II capital ratio (%)	-	-
(iv) Total capital ratio (CRAR) (%)	56.25%	60.87%
(v) Percentage of the shareholding of the Government of India in Public Sector banks		
(vi) Amount of Equity capital raised	-	-
(vii) Amount of Additional Tier 1 capital raised	-	-
(viii) Amount of Tier 2 capital raised	-	-

As per the notification no. DBR.NBD.No.4503/16.13.218/2017-18 dated 08 November 2017, PBs are exempted from maintaining capital for market risk and operational risk.

During the year ended 31 March 2021 the Bank has not raised any Capital.

2. Investments

2.1 Movement of investments:

Particulars	(Rs. in crore)	
	2020-21	2019-20
(1) Value of investments		
(i) Gross value of investments		
(a) In India	503.56	128.27
(b) Outside India	-	-
(ii) Provisions for depreciation(including provision for NPI)		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	503.56	128.27
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	-	-
(iv) Closing balance	-	-

2.2 Repo / reverse repo transactions:

During the year, the Bank has undertaken Market Repo (CROMS) transactions. Outstanding borrowing under Market Repo as at March 31, 2021 stood at Rs.104.99 crore (Previous year: Nil). The face value of securities sold and purchased under repo and reverse repo are as under :

(Amount in ₹ crore)				
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo				
i. Government securities	10.06	141.29	58.05	108.02
ii. Corporate debt securities				
Securities purchased under reverse repo				
i. Government securities	1.00	45.00	8.00	-
ii. Corporate debt securities				

(Amount in ₹ crore)				
	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo				
i. Government securities	5.01	5.01	5.01	-
ii. Corporate debt securities				
Securities purchased under reverse repo				
i. Government securities	-	-	-	-
ii. Corporate debt securities				

2.3 Non SLR investment portfolio:

The Bank does not hold any investment in non SLR securities as at 31 March 2021 (Previous Year- NIL). Accordingly, the disclosure requirements with respect to non SLR investment portfolio are not applicable.

*

2.4 Sale and transfer to / from HTM category:

As per the Operating guidelines, PBs are not permitted to classify any investment, other than those made out of their own funds, as HTM category. Further the investments made out of their own funds shall not, in any case be, in assets or investments in respect of which the promoter / a promoter group entity is a direct or indirect obligor.

During the current and the previous year, the Bank has not classified any investment under HTM category. The entire investment portfolio of the Bank is classified under AFS Category.

Accordingly, the disclosure requirements with respect to sale and transfer to / from HTM category are not applicable.

3. Derivative contracts

The Bank has not undertaken any derivative transactions during the current year and the previous year. Accordingly, the disclosure requirements with respect to derivative contracts are not applicable.

4. Asset quality

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Operating guidelines, as at 31 March 2021, the Bank had classified employee loan amounting to Rs. 0.13 Crore as advances (Previous Year Rs. 0.10 Crore). The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

Accordingly, the disclosure requirements with respect to Asset quality are not applicable.

5. Business ratios

Particulars	2020-21	2019-20
(i) Interest income as % to Working funds ¹	3.98%	5.16%
(ii) Non-interest income as % to Working funds	151.61%	191.77%
(iii) Operating profit ² as % to Working funds	4.82%	(8.83%)
(iv) Return on assets (Working funds)	4.03%	(9.13%)
(v) Business ³ (Deposit plus advance) per employee (Rs. in crore)	0.09	0.04
(vi) Profit per employee ⁴ (Rs. in crore)	0.01	(0.01)

1. Working funds to be reckoned as average of total assets (excluding accumulated losses, if any)
2. Operating profit is net profit for the year before provisions and contingencies.
3. Business is the total of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios are based on average employee number.

Fino Payments Bank Limited
(Formerly known as Fino Fintech Limited)

Notes to accounts forming part of financial statements (Continued)
For the year ended 31 March 2021

(Currency: Indian Rupees in crore)

Schedule 18 - Notes to accounts (Continued)

6. Maturity pattern of key assets and liabilities

(Rs. in Crore)

Particulars	2020-21				
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets Foreign Currency Liabilities
1 day	14.93	-	387.27	-	-
2 to 7 days	26.55	-	-	130.00	-
8 to 14 days	0.04	-	-	-	-
15 to 30 Days	26.62	-	62.84	-	-
31 Days to 2 months	2.62	-	3.74	-	-
Over 2 months to 3 months	-	-	-	-	-
Over 3 months to 6 months	12.30	-	2.17	-	-
Over 6 months to 1 year	-	0.13	1.86	50.80	-
Over 1 year to 3 years	159.78	-	45.68	-	-
Over 3 years to 5 years	-	-	-	-	-
Over 5 years	-	-	-	-	-
Total	242.84	0.13	503.56	180.80	-

X

Particulars	2019-20					Foreign Currency Assets	Foreign Currency Liabilities
	Deposits	Advances	Investments	Borrowings			
1 day	7.41	-	39.03	-	-	-	-
2 to 7 days	12.76	-	-	0.01	-	-	-
8 to 14 days	0.03	-	-	-	-	-	-
15 to 30 Days	12.83	-	41.91	-	-	-	-
31 Days to 2 months	1.37	-	10.47	0.01	-	-	-
Over 2 months to 3 months	-	-	-	0.01	-	-	-
Over 3 months to 6 months	6.04	-	1.14	39.86	-	-	-
Over 6 months to 1 year	-	0.10	2.15	70.71	-	-	-
Over 1 year to 3 years	77.09	-	33.57	0.23	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-	-
Total	117.53	0.10	128.27	110.83	-	-	-

*

Fino Payments Bank Limited

(Formerly known as Fino Fintech Limited)

Notes to accounts forming part of financial statements *(Continued)*

For the year ended 31 March 2021

(Currency: Indian Rupees in crore)

Schedule 18 - Notes to accounts *(Continued)*

7. Exposures

7.1 Exposure to real estate sector :

The Bank does not have any exposure to real estate sector as at 31 March 2021 (Previous Year- NIL). Accordingly, the disclosure requirements with respect to exposure to real estate sector are not applicable.

7.2 Capital market exposure :

The Bank does not have any exposure to capital market as at 31 March 2021 (Previous Year- NIL). Accordingly, the disclosure requirements with respect to capital market exposure are not applicable.

7.3 Risk category wise country exposure :

The Bank's exposures are concentrated in India as at 31 March 2021 (Previous Year- NIL). Accordingly, the disclosure requirements with respect to category wise country risk exposure are not applicable.

7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the bank :

As per the Operating guidelines for PBs, PBs are not permitted to lend to any person, accordingly, the disclosure requirements with respect to SBL / GBL is not applicable.

7.5 Unsecured advances :

As per the Operating guidelines for PBs, PBs are not permitted to lend to any person, accordingly, the disclosure requirements with respect to unsecured advances is not applicable.

8. Penalties levied by RBI:

During the year ended 31 March 2021 (Previous Year : NIL), no penalty was imposed on the Bank by RBI.

9. Employee benefits

Defined contribution plans:

The Bank makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Provident fund	6.85	7.23

Defined benefit plans:

Gratuity

The Bank's gratuity benefit scheme is a defined benefit plan. The Bank'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 Bank's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The following table sets out the status of the Gratuity Plan as required under Accounting Standard 15.

Change in the present value of the defined benefit obligation.

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Opening defined benefit obligation as at 01 April	8.00	6.51
Current service cost	1.22	1.15
Interest cost	0.40	0.44
Actuarial (gains)/losses	0.19	0.70
Benefits paid	(0.87)	(0.80)
Past service cost	-	-
Transfer from/to group companies	-	-
Closing defined benefit obligation as at 31 March	8.94	8.00

Change in the plan assets

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Opening fair value of plan assets at 01 April	-	-
Expected return on plan assets	-	-
Employers contributions	-	-
Benefits paid	-	-
Actuarial gains/(losses) on plan assets	-	-
Closing fair value of plan assets at 31 March	-	-

Reconciliation of present value of the obligations and fair value of the plan assets

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Present value of funded obligation at 31 March	8.94	8.00
Fair value of plan assets at 31 March	-	-
Deficit/(Surplus)	(8.94)	(8.00)
Net Liability/(Asset)	(8.94)	(8.00)

Net cost recognised in the Statement of Profit and Loss*(Rs. in crore)*

Particulars	2020-21	2019-20
Current service cost	1.22	1.15
Interest cost	0.40	0.44
Past service cost	-	-
Net actuarial (gains)/losses recognised during the year	0.19	0.70
Total cost of defined benefit plans included in schedule 16 payments to and provisions for employees	1.81	2.29

Reconciliation of opening and closing net liability/(asset) recognised in balance sheet*(Rs. in crore)*

Particulars	2020-21	2019-20
Opening net liability as at 01 April	8.00	6.51
Expenses recognised in Statement of Profit and Loss	1.81	2.29
Employers contribution	(0.87)	(0.80)
Transfer from/to group companies	-	-
Net liability/(asset) recognised in balance sheet	8.94	8.00

Key Actuarial Assumptions*(Rs. in crore)*

Particulars	2020-21	2019-20
Discount rate	5.70%	5.05%
Expected rate of return on plan asset	-	-
Salary escalation	6.80%	11.3% for the first two years and 8% thereafter
Withdrawal rate	19.00%	42.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

Experience Adjustment*(Rs. in crore)*

	2020-21	2019-20	2018-19	2017-18	2016-17
On Plan liabilities (gains) /losses	0.09	0.43	0.05	-	-
On Plan assets (losses)/gains	-	-	-	-	-

10. Unamortized Pension and Gratuity liabilities

As at 31 March 2021 (31 March 2020: NIL), the Bank does not have any unamortized Pension and Gratuity liability.

11. Segment reporting

Business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated 18 April 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015 and amendments thereto, the following business segments have been disclosed:

(Rs. in crore)

Particulars	Treasury	Corporate / Wholesale Banking	2020-21		Total
			Retail Banking	Other Banking Operations	
Gross revenue	10.08	-	125.04	655.56	790.68
Unallocated revenue	-	-	-	-	0.35
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	10.08	-	125.04	655.56	791.03
Segment results	8.38	-	35.93	133.99	178.65
Unallocated expenses	-	-	-	-	158.18
Operating profit	-	-	-	-	20.47
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	-	-	-	-	20.47
Segment assets	585.49	-	17.40	319.10	921.99
Unallocated assets	-	-	-	-	88.30
Total assets	585.49	-	17.40	319.10	1010.29
Segment liabilities	130.00	-	259.47	383.39	772.86
Unallocated liabilities	-	-	-	-	86.88
Total liabilities	130.00	-	259.47	383.39	859.74

(Rs. in crore)

Particulars	Treasury	Corporate/ Wholesale Banking	2019-20		Total
			Retail Banking	Other Banking Operations	
Gross revenue	4.81	-	118.34	567.11	690.26
Unallocated revenue	-	-	-	-	1.14
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	4.81	-	118.34	567.11	691.40
Segment results	4.50	-	31.51	58.18	95.33
Unallocated expenses	-	-	-	-	127.37
Operating profit	-	-	-	-	(32.04)
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	-	-	-	-	(32.04)

Segment assets	248.50	-	21.53	275.66	545.69
Unallocated assets					78.31
Total assets	248.50	-	21.53	275.66	624.00
Segment liabilities	-	-	125.37	289.61	414.98
Unallocated liabilities					78.95
Total liabilities	-	-	125.37	289.61	493.93

Notes:

1. Other Banking Operations includes Business Correspondent services including insurance brokerage and service fees and commission, remittances.
2. Pursuant to the segment reporting requirement of the RBI previous year numbers are reported under the best allocable segment i.e Other Banking Operations.
3. Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.

Geographic segment:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has not reported any geographic segments.

12. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended 31 March 2021 are disclosed below:

1. Parent Entity

FINO PayTech Limited (Percentage of holding - 100%)

2. Key Management Personnel ('KMP')

Mr. Rishi Gupta (Managing Director & Chief Executive Officer)

3. Relatives of Key Management Personnel

- a) Father - Nandkishore Gupta
- b) Sons - Prajwal Gupta, Pranav Gupta
- c) Brother - Gautam Gupta
- d) Wife - Roli Gupta

4. Fellow Subsidiaries

Fino Finance Private Limited

Fino Financial Services Private Limited

Fino Trusteeship Services Limited

The Bank's related party balances and transactions for the year ended 31 March 2021 are summarized as follows:

<i>(Rs. in crore)</i>												
Items / Related Party	Parent		Fellow Subsidiaries		Associates / Joint ventures / Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Deposit	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares during the year	-	-	-	-	-	-	-	-	-	-	-	-
Non-funded commitment	-	-	-	-	-	-	-	-	-	-	-	-
Leasing/HP arrangements availed	-	-	-	-	-	-	-	-	-	-	-	-
Leasing/HP arrangements provided	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-
Rendering of services	2.27	2.47	0.66	0.76	-	-	-	-	-	-	2.93	3.23
Receiving of services	-	-	-	-	-	-	-	-	-	-	-	-
Management contracts	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	2.04	2.62	2.88	5.58	-	-	-	-	-	-	4.92	8.20
Remuneration	-	-	-	-	-	-	1.45	1.45	-	-	1.45	1.45
Balances payable	-	-	2.02	0.18	-	-	-	-	-	-	2.02	0.18
Balance receivable	1.76	1.64	-	-	-	-	-	-	-	-	1.76	1.64

13. Deferred tax (AS-22)

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Deferred tax assets :		
Depreciation on fixed assets	10.99	1.86
Unabsorbed depreciation on fixed assets	15.04	13.61
Business loss	78.43	64.64
Employee benefits	2.83	2.29
Provision for doubtful debts	1.66	6.56
Total	108.95	88.96

Net deferred tax assets have not been recognized in respect of the aforesaid items, because it is not probable that future taxable profit will be available against which the Bank can use the benefits there from.

14. Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in Statement of Profit and Loss.

Particulars	(Rs. in crore)	
	2020-21	2019-20
i) Provision made towards NPAs/write off/sacrifice for Restructured Advance/Debt relief as per RBI guidelines	-	-
a) For Advances	-	-
b) For Investments	-	-
c) For Leased Assets	-	-
ii) Provision towards Standard Advances	-	-
iii) Provision for depreciation on investments	-	-
iv) Provision / (Write back) for Credit card reward points	-	-
v) Provision for others	4.02	1.03
vi) Provision towards Income tax	-	-
vii) Provision towards deferred tax (net)	-	-

15. Drawdown from reserves

The Bank has not undertaken any drawdown from reserves during the year ended 31 March 2021.

16. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended 31 March 2021

A. Summary information on complaints received by the bank from customers and from the OBOs

	Particulars	2020-21	2019-20
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	480	254
2	Number of complaints received during the year	22,461	15,703
3	Number of complaints disposed during the year	22,737	15,477
	Of which, number of complaints rejected by the bank	12,633	5,712
4	Number of complaints pending at the end of the year	204	480
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	364	129
	Of 5, number of complaints resolved in favour of the bank by BOs	346	124
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	18	5
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

B. Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
2020-21					
Account opening/difficulty in operation of accounts	114	13,057	213%	37	5
Internet/Mobile/Electronic Banking	134	2,908	(7)%	11	0
ATM/Debit Cards	84	5,443	(19)%	140	0
Cheques/drafts/bills	16	230	(29)%	5	0
Levy of charges without prior notice/excessive charges/foreclosure charges	2	25	(70)%	0	0
Total	350	21,663	88%	193	5
2019-20					
ATM/Debit Cards	111	6,732	525%	84	1
Account opening/difficulty in operation of accounts	30	4,178	323%	114	68
Internet/Mobile/Electronic Banking	92	3,124	(27)%	134	11
Cheques/drafts/bills	0	326	117%	16	1
Levy of charges without prior notice/excessive charges/foreclosure charges	2	82	41%	2	4
Total	235	14,442	979%	350	85

17. Letter of comfort

Bank has not issued any letters of comfort during the year ending 31 March 2021 and 31 March 2020.

18. Provisioning coverage ratio

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. Accordingly, the disclosure requirements with respect to Provisioning coverage ratio are not applicable.



19. Insurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business.

Particulars	(Rs. in crore)	
	2020-21	2019-20
i) Fee/ brokerage from Life insurance business	0.03	0.04
ii) Fee/ brokerage from General insurance business	0.92	0.91

20. Concentration of deposits, advances, exposures and NPAs**20.1 Concentration of deposits:**

Particulars	(Rs. in crore)	
	2020-21	2019-20
Total deposits of twenty largest depositors	0.20	0.20
Percentage of Deposits of twenty largest depositors to Total deposits as at the year end	0.08%	0.17%

20.2 Concentration of Advances:

Particulars	(Rs. in crore)	
	2020-21	2019-20
Total advances of twenty largest borrowers	0.13	0.10
Percentage of borrowers of twenty largest borrowers to Total advances as at the year end	100%	94%

20.3 Concentration of Exposures:

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. As at 31 March 2021, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Concentration of Exposures is not applicable.

20.4 Concentration of NPA's:

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. As at 31 March 2021, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Concentration of NPA's is not applicable.

21. Sector wise Advances:

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. As at 31 March 2021, the Bank has not provided any advances, accordingly the disclosure requirements with respect to sector wise Advances is not applicable.

22. Movement of NPA's:

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. As at 31 March 2021, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Movement of NPA's is not applicable.

23. Overseas Assets, NPAs and Revenue:

The Bank does not hold any overseas assets / NPA as at 31 March 2021 and no overseas operations were undertaken during the year ended 31 March 2021. Accordingly, the disclosure requirements with respect to Overseas Assets, NPAs and Revenue are not applicable.

24. Off Balance Sheet SPVs Sponsored:

There are no off balance sheet SPVs sponsored by the Bank, which needs to consolidated as per accounting norms. Accordingly, the disclosure requirements with respect to Off Balance Sheet SPVs Sponsored are not applicable.

25. Disclosure on Remuneration

Qualitative Disclosure

A) Information relating to the composition and mandate of the Nomination & Remuneration Committee

Members of Nomination & Remuneration committee are:

1. Mr. Suresh Kumar Jain, Chairman of the Committee and Independent Director
2. Mr. Mahendra Kumar Chouhan, Member and Independent Director
3. Dr. Punita Kumar Sinha, Member and Independent Director
4. Mr. P. S.Ravi, Member and Nominee Director
5. Dr. Ganesh Natarajan resigned w.e.f 25/06/2020 as Independent Director and member

B) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

The Compensation Structure at the Bank's is divided into two parts Fixed and Variable.

The compensation is broadly been divided in components like Basic Salary, HRA, Provident Fund, Leave Travel Allowance, Special Allowance and Earning Potential (Variable Pay).

Depending on grade title/role/performance one or more components may be included or excluded from the salary structure.

Variable Pay: The Variable pay varies depending on employee's performance and is subject to change as per the Bank's performance and policies.

For variable payout the performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. (The weightages against these parameters will vary according to Department and the Band of the employee):

X

Employees eligible under sales incentives are excluded from earning potential process and are covered through the Sales Incentives Plans.

Statutory Bonus: Some Section of Employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

C) Description of the ways in which current and future risks are taken into account in the remuneration processes.

The Bank takes into account various types of risks in its remuneration processes. Along with keeping in mind the key parameters like Fixed and Variable pay the focus is also on ensuring a high performance culture, role clarity, meritocracy, clarity on performance expectation and a robust mechanism are necessary ingredients in building a productive and motivated team that is aligned to organizations vision

While considering the fixed pay for revision, the Bank conducts salary review process wherein revisions in compensation are based on performance and internal pay parity study up to an extent is taken in consideration to ensure that employees are competitively positioned in terms of fixed pay.

Cascading of goals from the Organizational level to individual levels, periodic monitoring of performance, frequent rewards, performance improvement plans and key talent programmes ensure that the risk due to attrition is mitigated as much as possible.

To protect current and future risks; for Material Risk Takers, the deferred portion of compensation is subject to malus and clawback arrangements which dovetails into prudent risk taking and a futuristic approach to decision making by them.

D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank follow a Philosophy of Pay for Performance and Promote for Potential evaluation process for each Band.

The performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. These KPIs are a combination of following broad parameters (The weightages against these parameters will vary according to Department and the Band of the employee):

- a) Financial b) Process c) Customer d) Capability

Earning potential will be paid basis the individual and Bank performance (performance bonus will vary band wise and on the performance of the Bank & the individual performance against set KPI)

E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme with the vesting period as recommended by RBI guidelines and incorporated in the Compensation Policy.

For those employees identified as Material Risk Takers, deferral arrangements will be a part of their variable compensation. For such employees, at least 60% of their total variable pay will be under deferral arrangements. The compensation of MRTs will also include a deferral of the cash variable as per the regulatory guidelines incorporated in the compensation Policy.

X

Such Variable Compensation will also be subject to Malus and Claw backs and will need employees to sign relevant declarations whenever necessary.

F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme.

Cash bonus is a part of earning potential/Sales Incentive depending on employee's and Bank's performance basis the KPIs set across the organization and is subject to change as per the Bank's performance and policies.

Some Section of Employees are also eligible for statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time

Quantitative Disclosure:

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

(Rs. in crore)

S. No	Particulars	2020-21	2019-20
1 (i)	Number of meetings held by the Nomination & Remuneration Committee during the financial period	4	4
1 (ii)	Remuneration paid to its members during the financial period (Rs. in crore)	0.10	0.14
2 (i)	Number of employees having received a variable remuneration award during the financial period.	Nil	Nil
2 (ii)	Number and total amount of sign-on awards made during the financial period	Nil	Nil
2 (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus(Rs in crore)	Nil	Nil
2 (iv)	Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
3 (i)	Total amount of outstanding deferred remuneration, split into cash, shares and sharelinked instruments and other forms.	Nil	Nil
3 (ii)	Total amount of deferred remuneration paid out in the period.	Nil	Nil
4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	1.45	1.45
	Variable	-	-
	Deferred	-	-
	Non-deferred	-	-
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil	Nil
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	Nil	Nil
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	Nil	Nil

26. Disclosures relating to securitization

As per the Operating guidelines PBs are not permitted to lend to any person including their directors and hence there are no loans with the Bank which can be securitized. Accordingly, the disclosure requirements with respect to securitization are not applicable.

27. Credit default swaps

As on 31 March 2021, there is no credit default swap.

28. Intra-group exposures

The bank does not have any exposure (advances/ Investments) within the group.

29. Transfers to Depositor Education and Awareness Fund (DEAF)

During the year end 31 March 2021, no amount has been transferred to Depositor Education and Awareness Fund.

30. Unhedged Foreign currency Exposure

The Bank does not have any foreign currency exposure as at 31 March 2021.

31. Details of provisioning pertaining to fraud accounts

During the year ended 31 March 2021, the Bank has reported 42 (Previous Year 72) cases of fraud amounting to Rs 0.52 Crore (Previous Year Rs 1.83 crore), against which the Bank has made a provision of Rs 0.33 crore (Previous Year Rs 0.53 crore), adjusted for recovery.

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Number of frauds reported	42	72
Amount involved in frauds	0.52	1.83
Provision made	0.33	0.53
Unamortized provision debited from 'other reserves'	-	-

32. Corporate Social Responsibility (CSR)

The Bank has met the applicability threshold of CSR as on 31st March, 2021 as prescribed in section 135 of the Companies Act, 2013(Act). A CSR Committee has been formed by the Bank as per the Act. As per the provisions, such applicable company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years. Since the Bank has incurred losses in preceding financial years, the Bank is not required to spend 2% of its average net profits of the immediately preceding three financial years on CSR activities as per the Act.

33. Factoring Business:

The Operating Guidelines defines the scope of activities for PBs. Factoring Business is not within the defined scope of the Operating Guidelines issued by RBI. The Bank has not engaged in Factoring Business.

34. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii) Liability for partly paid investments:

The Bank has made investment in Treasury Bills for maintaining the SLR requirement. Such Treasury Bills are fully paid and therefore the Bank does not have any liability for partly paid investments

iii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

The Bank does not have any liability by way of Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations.

iv) Other Contingent items :

- a) The contingent liabilities of the Bank amounts to Rs. 4.01 Crores
- b) As a result of assessment proceedings under income tax act for AY 2011-12, there is an addition to taxable income on account of agent security deposit. Total demand raised by the department is Rs. 0.33 crore and the Bank has paid Rs. 0.05 crore under protest. The Bank has accordingly recorded contingent liability for these matters.
- b) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The Bank has recorded a contingent liability of Rs. 3.68 crores with respect to these matters.

35. Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets:

Particulars	(Rs. in crore)	
	2020-21	2019-20
At cost at the beginning of the year 01 April	29.05	27.07
Additions during the year	3.73	1.98
Deductions during the year		-
Accumulated depreciation up to 31 March	21.79	14.91
Net block as at 31 March	10.99	14.14

36. Micro and Small Industries:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The

above is based on the information available with the Bank which has been relied upon by the auditors.

37. Deposits :

As per the Operating Guidelines of PBs, can accept only savings and current deposits. The aggregate limit per customer shall not exceed Rs. 100,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the bank may collect from any of its service providers in the ordinary course of business.

During the year, the Bank has made sweep out arrangements with Suryodaya Bank in order to ensure adherence to RBI guidelines.

38. Operational lease

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particulars of future minimum lease payments in respect of the same are as mentioned below:

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Not later than one year	7.88	10.92
Later than one year and not later than five years	19.21	26.32
Later than five years	10.40	10.40
Total	37.49	47.64
Lease payment recognized in Statement of Profit and Loss for the year*	11.13	13.90

*Expenses incurred on operating lease is accounted in the year in which expenses is incurred by the Bank.

39. Earnings per Share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 - Earnings per Share.

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

<i>(Rs. in crore)</i>		
Particulars	2020-21	2019-20
Basic and diluted earnings per share		
Weighted average number of equity shares	44,579,997	44,579,997
Net profit after tax available for equity shareholders (Rs. in Crore)	20.47	(32.04)
Basic earnings per share (F.V. Rs. 10 each)	4.59	(7.19)
Diluted		
Weighted average number of equity shares (including dilutive potential equity shares)	44,579,997	44,579,997
Net Profit after tax available for equity shareholders (Rs. in Crore)	20.47	(32.04)
Diluted Earnings Per share (F.V. Rs. 10 each)	4.59	(7.19)

40. Liquidity Coverage Ratio (LCR)

The provisions of Liquidity Coverage Ratio (LCR), as per the circular on Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards dated June 9, 2014 and as amended from time to time, are not applicable to the Payments Banks and hence no disclosures have been provided.

41. Direct Tax Matters

Bank has few Direct Tax litigations of earlier year's wherein probability of getting favorable judgments are high. In worse scenario since the Bank has reported losses in respect of those years under litigations there is remote possibility of probable cash out flow & hence not shown under contingent liability

42. COVID-19

In assessing the recoverability of receivables including trade receivables and investments, the bank has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts and based on current indicators of future economic conditions, the bank expects to recover the carrying amount of these assets. As far as product lines are concerned including M-ATM, AePS & BC Banking which witnessed muted business initially, saw a revival with surge in banking transactions for utilization of the subsistence allowance credited into customer's account by government. With banking services coming under essential services, Bank's vast network of merchants across country offering diverse product and services meeting the needs of customers supported growth despite lockdown challenges. Launch of several product variants in last two years has strengthened the Bank's portfolio of offerings and upgrade of technology to meet a COVID like situation has strengthened operating efficiency through merchant network. However, the extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain and the Bank will continue to closely monitor any material changes to future economic conditions.

43. RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 (wherein the banks would be granting a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020) are not applicable to the Bank since Payment Banks are not allowed to grant loans and advances.

44. ESOP : The Board of Directors at its Meeting held on November 11, 2020 had subject to the approval of Shareholders and pursuant to the recommendation of Nomination and Remuneration Committee, approved the "Fino Payments Bank Limited - Employees Stock Option Policy, 2020" (Scheme). While there have been no grants made in the Financial Year 20-21, the scheme aims to reward employees for their performance and bring in the required impetus to futuristic decision making and risk taking ability for the long term vision of the firm. The scheme also aims to bring in adherence to the RBI Guidelines on Compensation dated November 4, 2019.



45. Inclusion of "Fino Payments Bank Limited" in the Second Schedule of the Reserve Bank of India Act, 1934


The Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.NBD.No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021.

46. Comparative figures

Figures of the previous year have been re-grouped to conform to the current year's presentation.

As per our report of even date attached

For **MSKC & Associates**
(Formerly known as R.K.Kumar & Co)
Chartered Accountants
ICAI Firm's Registration No: 001595S

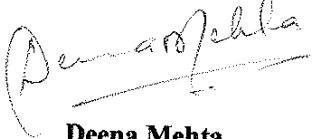

Tushar Kurani
Partner
Membership No: 118580

Place : Mumbai
Date : 15 May 2021

For and on behalf of the Board of Directors


Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)


M K Chouhan
Non-executive Chairman &
Independent Director


Deena Mehta
Independent Director


Rishi Gupta
Managing Director &
Chief Executive Officer


Ketan Merchant
Chief Financial Officer ✓


Basavraj Loni
Company Secretary &
AVP - Legal

Place : Navi Mumbai
Date : 15 May 2021