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# CEO's Message

Dear Shareholders,

I am delighted to share my thoughts with you through the first ever annual report of Fino Payments Bank, your bank! When we started Fino way back in 2006, we had never imagined achieving what we have today. The vision back then was to take financial services to the last mile through technology enabled solutions. As a bank today, the vision remains same with focus on growth and profitability!

I would like to summarize the journey of Fino, transformation into a Payments Bank, performance and preparedness for the future, keeping in mind the interest of all our stakeholders.

## The Journey



Much before the word fintech became a buzzword, Fino started as a fintech company. Our innovative smart card based biometric authentication mechanism to facilitate banking transactions predated Aadhaar.

The business correspondent (BC) guidelines of 2006 allowed us to deploy our technology solutions on a larger scale. Reaching out to our customer segment, the un-banked and the under-banked masses in a diverse country such as ours was a huge challenge, especially in the pre Jan Dhan, Aadhaar and Mobile (JAM) trinity era.

Our ability to innovate was on display even in those challenging times. We pioneered the branchless banking model wherein our teams visited villages with laptops and banking devices in suitcases. We have come a long way since then.

As a corporate BC we partnered with almost all the leading banks in the country and played a pivotal role in the success of landmark projects such as Electronic Benefit Transfer, rechristened Direct Benefit Transfer (DBT) and the Pradhan Mantri Jan Dhan Yojana.

We scaled up rapidly and explored growth opportunities in retail financial services distribution in 2014, which was a precursor to the next big leap we were to take.

## The Transformation

The payments bank license in 2015 and the eventual start of operations in June 2017 was a natural progression for Fino. It was also transformational in nature. The license allowed your bank to have it's own customers and develop our own product offerings.

However, every change brings challenges that test and shape our character. The business limitations and the customer segment to be catered to warranted a pragmatic approach. The clarity of thought on having low cost operations, customer ownership strategy and focus on innovative high margin products for sustained growth and profitability proved critical.

Asset light phygital network based on Distribution, Technology and Partnership framework (DTP) emerged as your bank's biggest strength. The strategic decision to partner with the small business owner as a banking point turned out to be a game changer.

A distribution network of over a million banking outlets was created within five years of operations, an incredible achievement and a testimony of the team's character to walk the extra mile. Present across 90% of the country's districts, your bank's points are finding acceptance as witnessed by the growing transactions with over 25 million customer footfalls every month!

The bank's network is also crucial in executing the customer acquisition and ownership strategy. The innovative subscription-based current account and savings account (CASA) product has been instrumental in your bank closing FY22 with 4.6 million customers.

Continuous innovation is critical to stay relevant and achieve sustained growth. Own products aside, your bank has partnered with banks, NBFCs and insurers to offer third party products to customers. Partnership with around 55 open banking partners and our strategic tie-up with Bharat Petroleum (BPCL) has helped your bank expand its reach.

On the B2B side, FY20 saw the launch of Cash Management Services (CMS) offering. The product helps monetize the cash digitization demand from rural focused BFSI and other sector entities. In FY22, CMS made encouraging strides by digitizing cash for over 140 clients and contributing 6% to the revenue.

Riding on the growing network, innovative products and mutually beneficial partnerships your bank's business grew by over 4 times since inception in 2017. From a turnover of around ₹230 crore in FY18 to crossing ₹1000 crore in FY22, on a transactions only model is outstanding!

## The Road Ahead

The journey ahead looks exciting as your bank aims to continue the momentum and explore growth opportunities.



It is on a customer acquisition spree, consistently adding more than two lakh new accounts every month. At this rate, your bank's customer base is expected to more than double and reach the 10 million mark within the next 24 months. That would be a sizeable CASA base that could lead to a much higher annuity income in the years to come.

Going by the current pace of expansion for increased transactions and CASA growth, your bank expects to double the network to over 2 million points in the next 36 months.

With partnership strategy in place, another area of focus for the next few years will be to increase cross-sell income by offerings third party products to CASA customers.

Towards this FY23 will witness launch of new offerings. Your bank has already received approval from the regulator for commencing International Remittance business, Fixed and Recurring Deposits, and Mutual Fund distribution, all through partners. Products such as consumer loans and digital gold are already under various stages of pilots.

## Digital Impetus - Fino 2.0

The first five years of the journey (Fino 1.0), has been all about creating the phygital ecosystem.

Interestingly, digital payments, which is currently anchored around UPI based transactions, contributed 10% to your bank's overall business throughput in FY22.

As it embarks on Fino 2.0 journey, your bank's endeavor is to increase this pie. For that, your bank will continue to invest in technology and is open to strategic alliance or minority stake acquisition in fintechs. Your bank is taking small steps in looking at in-organic growth with its first acquisition of minority stake in PaySprint, a fintech offering next generation APIs in the BFSI space.

The Chief Digital Officer of your bank and his team are working on a roadmap that helps build a digital ecosystem for customers and take user experience to the next level.

At this point it is suffice to say that the focus of Fino 2.0 will be on growth and profitability.

## Social Impact

The vision to take always available banking services to every nook and corner of India is exemplified by your bank's **Gully Gully Fino** and **Hamesha** thought process!

The business model's design allowed rural employment generation through local banking points. Your bank also provides livelihood to women as bankers under various state government initiatives. As Human ATMs merchants provide access to cash and facilitate transactions in assisted mode offering **Convenience, Simplicity** and **Respect** to customers they so much deserve. Further, with increased banking usage, the quality of life of people improved as well. Creating social impact is therefore intrinsic to your bank's business approach and so is being eco-friendly.



In this context, the energy efficient micro ATM devices are easy to manage, while local availability of cash limits travel. With the bank in the neighbourhood, travel is reduced, less carbon emission, saves money, time and effort. Even account opening is completely paperless.

Talking of impact, the Covid period witnessed the capability of your bank's network. As the pandemic forced faster execution of Business Continuity Plans, resources were mobilized quickly to meet the new virtual-led work environment. Your bank's staff and merchants ensured uninterrupted banking services and emerged as saviours to millions of people by providing doorstep access to cash. I express my heartfelt gratitude to all the Covid warriors for their dedication, courage and selfless approach to service.



## Achievements

Your bank first achieved profit in the last quarter of FY20 and since then has been profitable in every subsequent quarter. That translates to almost half the time of its existence as a payments bank. In addition to getting the Scheduled Bank status, your bank also became the first and as of now the only payments bank to get listed on India's bourses.

I would sincerely like to thank all the new investors and shareholders who reposed their trust and faith in Fino Payments Bank.

The FY22 fiscal was also a watershed year in Fino Payments Bank's brand journey. It is the first and the only payments bank till date to have a brand ambassador in actor Pankaj Tripathi.

Your bank's engagement with Rajasthan Royals cricket team as their digital payments partner helped familiarize the brand to a newer segment of the tech savvy.

Pankaj Tripathi's connect with our customer segment and the bank's exposure to the Rajasthan Royals follower base on Social Media signals the arrival of brand Fino.



## Conclusion

Of all the achievements none was more satisfying than the successful navigation of the business model viability conversation and becoming the first profitable payments bank.

It is indeed a proud moment for all of us that our model has become a reference point for aspiring entrepreneurs and social agencies across the world.

I am grateful to the entire leadership team for their relentless pursuit for excellence. Their support and guidance during the last two financial years, given the adversity, has been exceptional.

I also express my gratitude to the Fino Payments Bank Board for their support and direction since the formation of the Bank, especially the last year when we embarked on our IPO.

I am confident that the new journey will generate significant value for all our stakeholders, viz. merchants, customers, employees, shareholders and society at large.

Together with our talent, vision and our ability to create opportunities, let's continue building a strong institution for a rewarding future.

### Rishi Gupta

Managing Director & Chief Executive Officer  
Fino Payments Bank Limited

# PAYMENTS SPACE AND PAYMENTS BANKS

Payments Banks are regulated entities operating in the larger fintech and payments space. Their main objective is to widen access to payments and deposit facilities for small businesses, low-income households, migrant workers and other unorganized entities. Payments banks focus on enabling high-volume low-value transactions. In order to confine their activities within the gamut of objectives for which they were inception, payments banks are allowed to set up their own branches, ATMs and business correspondents.

These entities are allowed to accept non-NRI demand deposits, issue ATM/ debit cards/ PPIs, offer remittance services (including cross-border remittance) and internet banking services. Further, they act as a business correspondent to other banks, facilitate utility bill payments, and undertake simple non-risk sharing financial services.

Given that the primary role is to offer payments, remittance and harmonize bank account access, the maximum account balance of customers was initially restricted to ₹100,000 at the end of the day. This was subsequently raised to ₹200,000 in April 2021.

In addition, these banks have not been allowed to lend. To earn yields to pay off interest to savings account holders, 75% of the demand deposit balances can be invested in Government securities/ treasury bills with maturity up to one year and the remaining 25% of the demand deposit balances should be in current and time/ fixed deposit instruments with other scheduled commercial banks for operational and liquidity purposes. The investments in Government securities or treasury bills with one-year maturity will be recognized by RBI as eligible securities for maintaining the Statutory Liquidity Ratio (SLR).

Within the regulatory contours, payments banks have been able to set up a vast network of banking points either through their own business correspondent channel or by leveraging any existing branch infrastructure of parent or core business, if any. For instance, Fino Payments Bank, has set up more than 1 million banking points pan-India.

The RBI has also come out very recently with guidelines for digital banking units wherein only the Universal and Small Finance Banks have been permitted to undertake the initiatives. The framework essentially entails a structure on which some of the larger payment banks like Fino have been operating.

## Opportunities in the space

According to the Global Findex report published by World Bank, nearly 78% of India's population above 15 years of age has a bank account. But the findings of the report highlight some interesting insights on the usage trends of bank accounts in India:

- Of the total population above 15 years of age, only **9%** deposited money into an account with a financial institution twice or more than that in a month
- Of the pool above 15 years of age that had deposited money in a bank account, only **41%** deposited twice or more than that in a month
- Only **16%** of the population above the age of 15 years used a mobile phone or internet banking to check account balance
- In the credit card segment, only **5%** above the age of 15 years owned a credit card
- Only **27%** above the age of 15 years owned a debit card and out of that, only **12%** used the card

The above data point suggests that merely opening a bank account doesn't necessarily promote a 'banking behavior' among the masses. There's a lot more scope for Fino Payments Bank besides the opportunity to extend widespread access to bank accounts. It is already evident that the penetration of bank accounts in India is fairly ubiquitous. The larger opportunity lies in promoting everyday banking in these customer segments.

There's an opportunity for Financial institutions to customise products and services catering to this segment of customers. Fino Payments Bank has already taken the lead by making financial services accessible and affordable to the masses. The Bank has been capitalizing on the surge in smoother internet connectivity and deeper smartphone penetration across the country. With more customized products and better access, it is easier to reach out to the last mile customers through more efficient channels and with a larger suite of products.

# PAYMENTS SPACE AND PAYMENTS BANKS

However, the license came with some boundary conditions

- ★ We could not undertake credit risk in any form, i.e. no lending on our balance sheet
- ★ We could invest in only select low-yielding treasury instruments
- ★ We could not offer term deposits on our balance sheet
- ★ Although we were permitted to open bank accounts, we could not accept deposits in excess of ₹ 1 lac (this limit was increased to ₹2 lacs in April 2021)



Without lending avenues, many industry experts wrote off the model to be unviable right away. In fact, nobody throughout the world had seen a bank that didn't lend. Even in India, there were hardly any monetization opportunities in digital payments and most other transaction businesses carried out by conventional banks were derived out of a lending relationship with customers.

When we sat on the drawing board to chart our course as a payments bank, we deliberated multiple options. Payment gateway was a nascent market back then with only a handful of players in the space. Digital payments were also showing traction, especially on the back on demonetization, smartphone penetration and UPI acceptability.

While these appeared to be lucrative businesses, we weren't sure of their long term profitability. We always believed that investing in businesses that can become profitable within a period of two to three years is the most optimal way to generate value for our investors.

These new businesses also needed us to transform our core competence from a last mile transaction banker to a top-of-the-pyramid transaction bank. Considering the non-alignment of these businesses to our core DNA, we parked them aside temporarily.

We believed that our core offerings would enable expansion of the market and take banking and payments to the remotest corner of the country. We were confident that if digital payments had potential, then cash digitization would be a bigger opportunity before customers became fully digital. With ₹12.6 trillion

cash-in-circulation as on 31st March 2017, there was a huge potential to first digitize the cash to bank accounts of customers. Over the next few years, we emphasized on two core aspects - product innovation and network expansion. We spent enormous efforts on widening our network across the length and breadth of the country. From a network of 101,230 banking points as 31st March 2019, we ramped it up to 1,020,437 by 31st March 2022, a jump of 10x in just 3 years.

## The people behind these banking points?

We started identifying the most promising entrepreneur in every neighbourhood and started empowering them to become new-age bankers. We equipped them with all necessary banking and security devices and the requisite technical know-how. We started calling them our merchant partners.

Many of our customers and partners also started referring to our merchants as "human ATMs" as they disbursed cash from their handheld devices.

## How could we make them successful bankers?

We overhauled our core banking platform into an easy-to-use technology interface. All core banking functionalities were made available to the merchants on a mobile app. This transformed the landscape of last mile banking as customers no longer needed to queue up in bank branches for getting basic banking services.



# A PATH-BREAKING JOURNEY ON THE ROAD TO SUCCESS



By the time we transitioned from a 'suitcase banker' to a payments bank, the world had started witnessing multiple new frontiers in banking. New age models like neobanks and fintechs were showing early promise and making their presence felt in the market. The thrust on digital banking services grew faster with multiple initiatives undertaken by the Government of India and NPCI on digital payments.

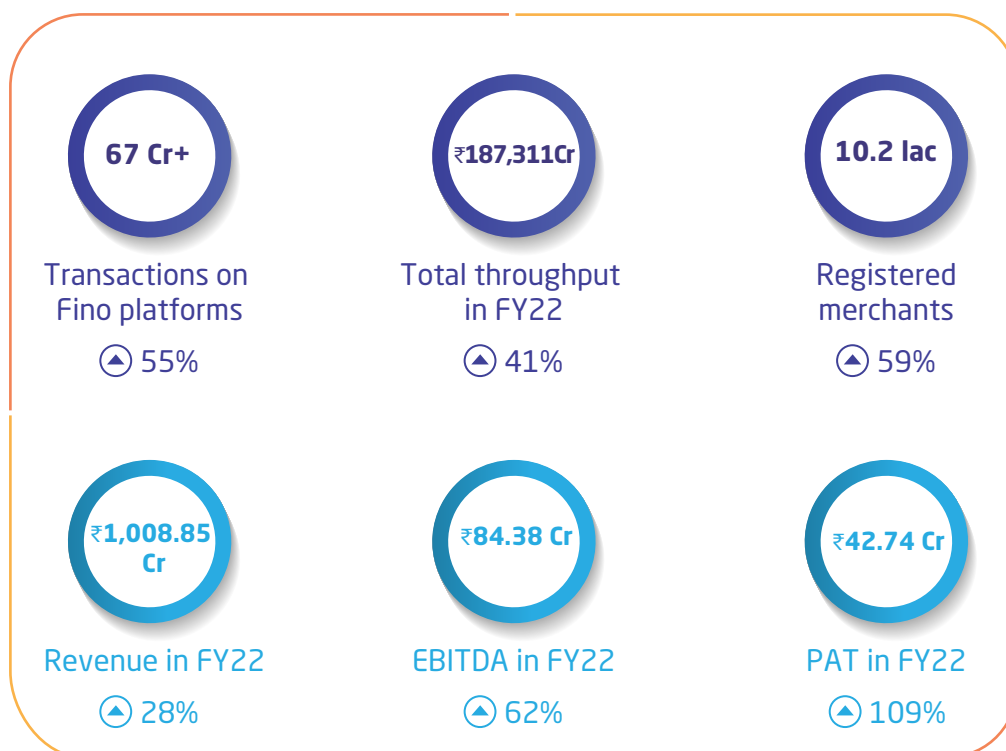
Sensing an opportunity to bring more customers into the formal banking fray and encourage them to move towards digitization, the RBI rolled out differentiated banking licenses like the Small Finance Bank and Payments Bank in 2015.

Fino as a group had always carried out transactions at the last mile through technology-enabled solutions. Coupled with that, our decade-long experience in serving this market had also given us the requisite know-how of the customer needs and their behavior. Thus, the payments bank license appeared to be a natural progression for us. With a strong conviction in the market opportunity and in our own execution capabilities, it made perfect sense for us to apply for the payments bank license.

# THE BANK AT A GLANCE

Demonstrating strong growth in business volumes, revenue and profitability

And this delivers:



| KEY RATIOS                    | FY 21-22 | FY 20-21 |
|-------------------------------|----------|----------|
| Debt Equity Ratio             | 0.52     | 1.20     |
| Operating Profit Margin Ratio | 4.24%    | 3.10%    |
| Net Profit Margin             | 4.24%    | 2.59%    |
| ROE                           | 14%      |          |

# DISTRIBUTION

"Our asset light, pan India distribution channel is a huge differentiator, which we believe is difficult to replicate. We intend to penetrate deeper into existing geographies and increase our tech-enabled merchant footprint, which is important to take financial services to customers doorstep. Our merchants are change agents for the local economy as they enable financial inclusion, which helps improve quality of life of the people around. **#Hamesha!**"

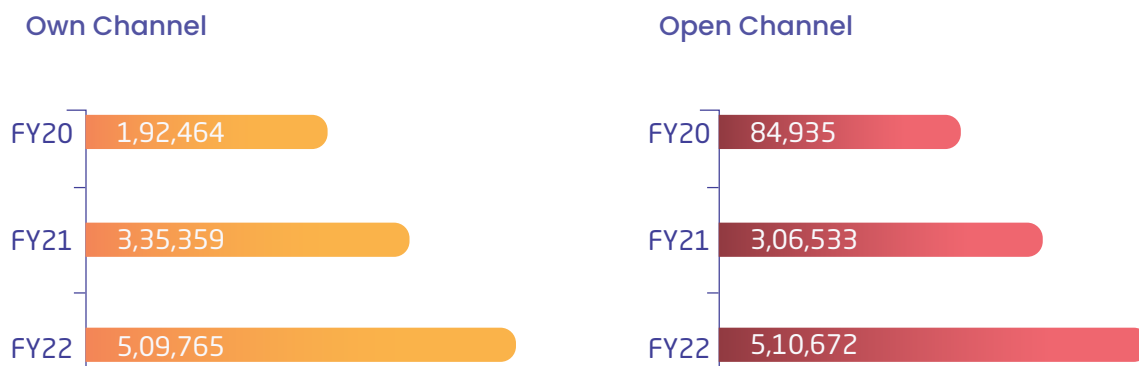


Shailesh Pandey  
Chief Sales Officer

Distribution network of banking points plays a pivotal role in reaching the customers at the last mile. Their growing affiliation to Fino is a revalidation of our success in positioning them at the fulcrum of our offerings to customers.

The network of Fino Payments Bank can be broadly divided into two key channels - an own channel and an open channel. In an own channel, the merchants act as business correspondents for Fino Payments Bank and directly provide services to end customers on behalf of the bank. In the open channel, Fino leverages its technology infrastructure and opens up the APIs to various fintech partners who are also involved in the business of providing various financial services at the last mile.

## Rapidly Growing Merchant Network



We have also invested heavily on our technology infrastructure. Furthermore, being a Bank, we enjoy access to the secured banking network monitored by the RBI. We leverage this infrastructure and provide our APIs to different other financial technology companies who require a banking rail at the back end. These companies do not have a banking license but mandatorily need a banking rail at the back end for processing transactions like cash withdrawal and money transfer. These companies also maintain their own merchant network through their own channel teams. These merchants are referred to our open channel merchants. As on 31st March 2022, we had 50+ financial technology partners banking on our technology APIs.

This merchant network of 1 million+ banking points is our biggest competitive advantage today.

# Products

## Domestic Money Transfer - Remittance

Can you imagine the way money used to be transferred earlier to the online boom?

Before we were introduced to the world of convenience brought about by IMPS and UPI, we used to transfer money on the bank's platform. Infact this was done at the bank branch. The processes were time consuming and tedious. With the wave of digitization, banks started focusing on online banking and entertaining footfall for money transfer was viewed as unviable and unwelcome.

There were many informal solutions like Hundi, Angadias etc. who used to transfer money but these have been fraught with risks. Hence an entire business has grown around Domestic Money Transfer to help those with limited to no access to banking.

This opportunity led to use cases for nimble financial technology companies like Fino to address through an asset light model as opposed to capital intensive branch operations of conventional banks. Even before getting a payments bank license, we leveraged the merchant ecosystem and started offering the domestic money transfer i.e. remittance services to customer's right in their neighborhood. This not only solved their basic banking requirements i.e. money transfer but an outlet at their doorstep also augmented their convenience. With no restriction of working hours and a 'trusted' local banker, the offering found traction right away. This was in many ways the foundation of the **#GullyGullyFino** model.

### Interesting fact:

On our own channel, the average ticket size of a transaction in FY22 is the highest in Arunachal Pradesh and not in a state having a top metro city.

## Micro ATM (MATM)

We pioneered the concept of human ATMs through our innovation on micro-ATMs. Prior to this, cash withdrawal was either a branch driven activity or through conventional ATMs. Network of branches and ATMs are asset intensive models and are less scalable. With micro-ATMs and merchants, we re-engineered the overall investment and cost structures and converted most of the investments into a variable structure. This helped us conserve capital yet scale up the network rapidly. Eventually, it has turned out to be a profitable business model. At the same time, the customer convenience has also grown manifold.



Major Ashish Ahuja, COO

"Product innovation is at the core of our customer engagement strategy. Towards the objective of being the one-stop shop for all financial service needs of our customer, we develop our own products as well as are open to partnerships to expand our range of offerings. A good product mix helps in productive engagement of customers, monetize asset light network better, increase revenue and improve profits".

The money transfer product first digitizes cash of the remitter and then gets the amount transferred to a beneficiary bank account digitally. The difference between any online payment mode and DMT is a customer holding cash needs to first digitize the same before making an online payment. Since the merchant here accepts cash and then transfers to a bank account, it not only digitizes the cash but also serves the purpose of a money transfer. The money goes into the beneficiary's bank account instantly.

From FY19 till FY22, we have digitized ₹1.3 trillion through remittance services. 503 million transactions were seamlessly carried out during the same period. The business got adversely impacted in FY21 on account of reverse migrations due to COVID, wherein throughput declined by 28% year-on-year. However in FY22, we made a strong comeback to record a throughput growth of 41% year-on-year.

Typically, remittance is carried out by walk-in customers across various metropolitan and tier one urban markets where they migrate for work and better prospects. The average ticket size of a remittance transaction in FY22 was ₹2723 while the gross margins of remittance business remained competitive.

But more importantly, this service attracts customer footfalls to the merchant points. With multiple other offerings at his disposal, the merchant can then upsell and cross sell other higher margin products and services to the customer. The product also results in keeping the customer acquisition costs (CAC) of Fino to nominal levels.

The customers mostly using the MATM services of Fino carry a debit card of another bank. They walk in to a merchant point to withdraw cash through the debit card. Fino earns an interchange fee on the transaction from the issuer bank at a rate of ₹15 or 0.5% of the transaction, whichever is lower.

For the issuer banks, the interchange cost is still lower than the notional cost of footfall encountered at its branch or other touch points. Thus it is win-win for both the banks and Fino.

The average ticket size of the transaction in FY22 was ₹3700. This largely remains range bound. In fact, we have seen the ticket size come down in some of the geographies where our merchant penetration has deepened significantly as customers were confident of getting their required cash in their neighborhood at their time of convenience and need.

## Aadhaar Enabled Payment Services (AEPS)

Throughput on AEPS for Fino more than tripled in FY20 over FY19 and nearly doubled in FY21 over FY20. Grew by another 28% year-on-year in FY22 over FY21. The steep growth in the business has also resulted in a growing market share of Fino.

AEPS allows a bank customer to use Aadhar as his/her identity to access his/her Aadhar enabled bank account for banking transactions like Cash Withdrawal, Cash Deposit, Balance Enquiry and Mini Statements. The convenience of withdrawing cash through a Aadhar biometric authentication has led to the success of the AEPS offering. Since it is primarily a cash withdrawal product, the other aspects of commercials and consumer behavior is largely in line with MATM.

The market for AEPS, however, has grown at a much faster pace as compared to MATM year-on-year in FY22. This has resulted in the AEPS market becoming more than five times the size of MATM. Fino is currently growing at par with the market and has hence held its market share steady in FY21 and FY22 in the range of 10.4-10.8%.

## Current and Savings Account

Payments banks were allowed to offer their own current and savings accounts to customers. Fino started offering the same with similar features to what other Universal and Small Finance Banks were offering. Initially, the product was slow to gain an expected traction. We studied our consumers and mapped their pain points associated with banking. One of the standout concerns as part of the response was the hidden charges by banks and the fear this ambiguity generates.

Basis the feedback, Fino decided to redesign the product with a transparent one-time annual charge that was payable upfront. This became a subscription product wherein every year the one-time charges would accrue. With this tweak, the product gained immediate traction. In FY21, we opened slightly more than 3,000 accounts per day, including weekends and holidays. This number improved substantially in FY22 as we opened more than 5,500 accounts per day.

The flagship product, Shubh, was initially priced at ₹399 including taxes. This was repriced to ₹449 including taxes in August 2021. Despite the repriced, the account opening run rate continued to grow steadily given the strong value proposition on the account not limited to the below factors:

- A complementary and instant over-the-counter debit card. Hatho Hath!
- Direct account integration with multiple government schemes
- Higher number of free transactions and higher throughput limits.

These are in line with our core proposition of #Hamesha - always offering the right product and services. The strong value proposition on the CASA offerings propelled the renewal income as an emerging value driver. Renewals started accruing from Q2FY21 and within a couple of years; we earned revenue of ₹27.5 cr in FY22 as opposed to ₹7.6 cr in FY21.

In the same spirit, Sampann Account was launched to offer current account facility to customers with a subscription price of ₹700 which comes with free Platinum RuPay Debit card and no minimum balance requirement. The account holder can Deposit, withdraw, transfer/receive funds, shop, pay bills and avail other current account benefits.

We have further extended our savings account offering to the minor segment (ages 10-17 yrs.). Bhavishya Savings Account offers free Platinum RuPay Debit card and no commitment to maintain any minimum monthly average balance with other banking benefits at ₹350.



**Interesting fact: With this Fino became the 1st bank to launch Subscription Bank Accounts across CA and SA.**

The overall revenue from CASA crossed ₹100 cr for the first time in a financial year in FY22 supported by new and renewal subscription income. With the help of analytics and back end efforts, our next target is to achieve standalone revenue of ₹100 cr from the renewal income over the next couple of years. And this piece will become a fulcrum of the annuity nature in our business model.

Digital traction of this customer base has also exhibited an exponential growth in FY22. The digital throughput scaled up from ₹4,326 cr in FY21 to ₹18,393 cr in FY22, a jump of 325% year-on-year. This translated to a throughput share of 10% in FY22. In Q1FY23, this share has already risen to 16% of overall throughput as the digital throughput touched ₹9,441 cr during the quarter, more than half the full year throughput in FY22.

Over a period of time, as we strengthen our digital platforms and add more use cases, we will be able to do more with this large own customer pool. Various opportunities for upselling and cross-selling will open up through the digital medium.

**Interesting fact:**

The largest bank account base of Fino is in Bihar and the highest digital average transaction ticket size is in Pondicherry.

## Partnerships

Partnerships are a key pillar of Fino's growth story. These partnerships take the form of 3 business lines.

### Cash Management Services

While digital is catching up in rural, cash is still the preferred medium of payment. Trust in physical currency with the added benefit of it being easy to handle makes cash a chosen mode in Tier 3 and below locations.

However, managing cash is expensive, not to mention the associated risks of cash handling including the risk to life. Fino has converted this disadvantage into an advantage for its clients as well as for itself through the business of cash digitization.

Our clients from various sectors including microfinance, lending, e-commerce, retail, and logistics face multiple challenges in cash deposition at bank branches such as travelling long distances, cash risk, and loss of productivity due to long waiting times. Apart from this, clients have to sometimes hold cash on an overnight basis which does not add revenue. Their customers have to travel long distances, sometimes more than 50kms only to deposit EMIs. For the benefit of such customers we launched the CMS product.

Fino's phygital network of 10 lakh plus banking points across 90% of districts, particularly in rural areas helps both the representatives of our clients and their customers to bury cash without the need to visit a bank branch. It helps to save time, increase productivity and mitigate the associated risks. Fino's points are open for extended hours unlike traditional bank branches. For our client, we digitise the cash efficiently at fraction of a cost and manage risk. Our robust security features and settlement process in line with RBI guidelines helps our client trust our service. For our merchant, the extra cash from our client can be used to cater to the needs of the local customer. He earns on both the deposit as well as withdrawal transactions. For Fino, this is not only a revenue stream, but also manages to feed the microATM network for local cash withdrawal needs. It is a win-win for all stakeholders.

The biggest value propositions irrespective of industry and segment is that any company that needs to enter Tier 3, 4, 5 & 6 locations and has a cash burial need; they would need Fino as their banking partner. As part of their strategy, clients approach and tell us their expansion plans to enable us do the ground work and be ready to kick start banking operations from Day 0.

Since this is cash deposit product, merchants would be exposed to significant amounts of incoming cash. In order to safeguard our operations risk, we have successfully established a prepaid model wherein merchants need to deposit amount to the extent of which they want to carry out business, i.e. receive cash. As soon as the merchant breaches his limit, he is immediately disconnected from the system and is nudged to pre-fund his account once again to carry out further transactions.

CMS is also one of our flagship cash digitization products alongside remittance. Customers can directly come to a Fino merchant to deposit cash in lieu of any payment that they intend to make to one of our partners. Till FY21, we focused largely on clients from the NBFC and MFI sectors. But in FY22, we started diversifying our client base across different sectors like e-commerce, logistics, cab aggregators, cash replenishment agencies, OTT, Aristech and other retail companies. This led to a massive addition in partners from 85 as on 31<sup>st</sup> March 2021 to 140 as on 31<sup>st</sup> March 2022.

CMS throughput has been exhibiting stellar growth as we consistently kept on doubling the throughput every year since FY19. In FY22, we more than doubled the throughput year-on-year to touch ₹23,886 cr. In fact our exit run rate of throughput for FY22, i.e. throughput in Q4FY22, was ₹7,864 cr. This grew sequentially by 17% in Q1FY23 to touch ₹9,171 cr. The year-on-year growth of throughput in Q1FY23 is again more than 2 times implying that at this run rate, the throughput for FY23 is expected to double once again.

**Interesting fact:** if all the cash collected by Fino Payments Bank was piled up it would be the height of 264 Statue of Unity

## Business Correspondent Banking

Today we are the preferred partners for leading banks across the country where we help them with

- Last mile connectivity - infrastructure as regards Points of Sale, Manpower.
- Technology - to manage presence in these markets.

### Services offered

- Aadhar-based account opening services
- Cash withdrawal and deposit services
- IMPS, remittances services
- Physical and e-KYC solutions for customer sourcing
- Doorstep and physical KYC solutions
- Closing leads and enrolling customers
- Call center solutions

**We are the preferred partner to leading banks because of our vast experience of successful implementation and ability to scale up maintaining quality.**

## API Banking

API or Open Banking, is considered to be one of the biggest advancements in the banking industry. It has provided businesses and consumers' easy access to custom banking services while also ensuring complete safety and enhanced efficiency. These APIs can then be used by entities (Corporate Business Correspondents/Fintech Players) within their organization/platform or be offered to the consumers for a more personalized banking experience.

Fino Payments Bank is one of the pioneering payments banks in the industry to offer an API Banking platform to its partners for products like Domestic Money Transfer, AePS - balance enquiry and cash withdrawal, MicroATM - balance enquiry and cash withdrawal, Savings Account Acquiring/Servicing and Payment Services.

**\*DMT API:** For large distribution network players, Fino Payments Bank extends the services of API - Domestic Money Transfer to service customers for transferring funds - cash to account fund transfer method through IMPS and NEFT mode of funds transfer.

**\*AePS API:** Similarly, for enabling third party partners to service large customer base for AePS balance enquiry and cash withdrawal using their Aadhaar number and biometric authentication, AePS APIs are developed by Fino Payments Bank.

**\*MicroATM API:** Those customers who hold accounts with other banks and have debit cards as well, can be serviced through Fino Payments Bank MicroATM balance enquiry and cash withdrawal API. Through this, customers can use debit card & PIN-based authentication for balance enquiry and cash withdrawal.

**\*CASA API:** Fino Payments Bank is among the few banks in the industry which have provided Savings Bank Account Acquiring APIs to its partners. With the help of this API, our partners can onboard savings bank account customers on behalf of Fino Payments Bank.

**\*Payment Services API:** In line with the growing need of rural-based distribution networks for enabling cash deposits at banks' locations, Fino Payments Bank has also launched Payment Services API. With the help of these APIs, a large distribution network of partners can be used by Fino Payments Bank clients for payment Services to deposit cash at their locations.

Fino Payments Bank provides Host to Host APIs and ready to integrate SDK for our partners. These APIs/SDKs are secure and can be easily integrated with the partner's platform. Our APIs provide flexibility to the choice of channel/mode of application. Backend systems are robust enough for efficient transaction processing and accommodate high TPS (transactions per second).

**We have currently tied up with more than 50 corporate entities.**

# Technology

"As a new age organization operating in a rapidly evolving fintech ecosystem, our efforts are on creating ease of use digital engagement platforms for customers. From empowering merchant network with digital tools to helping customers in their digital adoption journey, our innovative solutions defined our growth story. We will continue investing in new technologies and resources to take user experience to the next level and thus accelerate revenue generation".



Vinod Kumar,  
CIO



Bharat Bhanushali,  
Head (Technology)

In this era of digitalization, to keep pace with the rapid disruption happening around, businesses need to understand and adapt to the changing consumer behavior. Banking is not an exception with technology transforming the landscape and continuing to do so.

As a key player in the banking ecosystem, Fino's technology stack is built to stay relevant, secure, scale up and to provide competitive advantage.

At Fino, the aim of digital transformation is to improve business functions, accelerate system processes and ensure enhanced customer experience. Together they lead to value creation in terms of usability, cost effectiveness, better performance, increased productivity that result in higher profits and customer delight.

Technology platform with on-premises and ready to adopt hybrid environment helps the Bank choose an appropriate approach that is scalable and secure. Further, digitization of processes helps improve employee productivity, reduce errors and ensures compliance.

Enterprise-wide applications and databases provide data insights that help take informed decisions and deploy various AI/ML technologies. To safeguard business critical data and sensitive customer transaction information, the Bank has deployed robust data protection and cyber security tools with round the clock monitoring mechanism.

With technology as a key enabler, Fino Payments Bank is taking the right steps towards its objective of becoming the digital bank for the masses

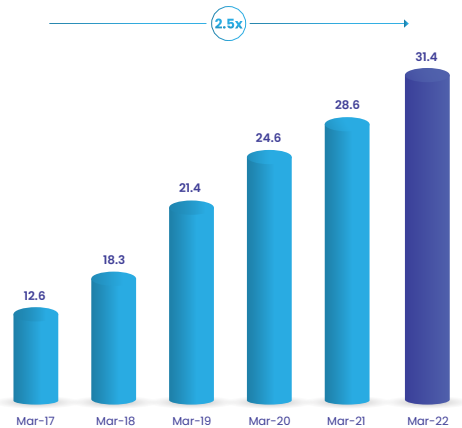
# VALUE CREATION - PIONEERING A PHENOMENON OF CASH DIGITIZATION

The shift from physical to digital is a gradual transition for customers at the middle of the pyramid- a sweet spot for Fino

Addressing problems of  
the present

## Cash in Circulation - Industry

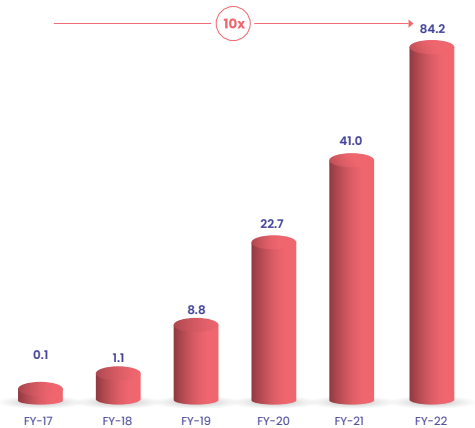
(in ₹ lac cr)



While investing  
for the future

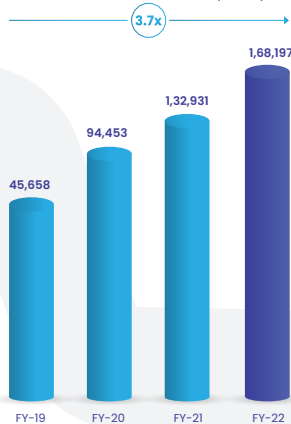
## UPI Payments - Industry

(in ₹ lac cr)



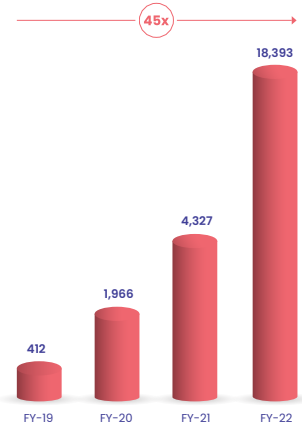
## Cash Throughput - Fino Payments Bank

(in ₹ cr)



## UPI Throughput - Fino Payments Bank

(in ₹ cr)



### Fino enjoys a unique advantage

Fino handholds its customers transition journey from physical to digital banking gradually, over a period of time



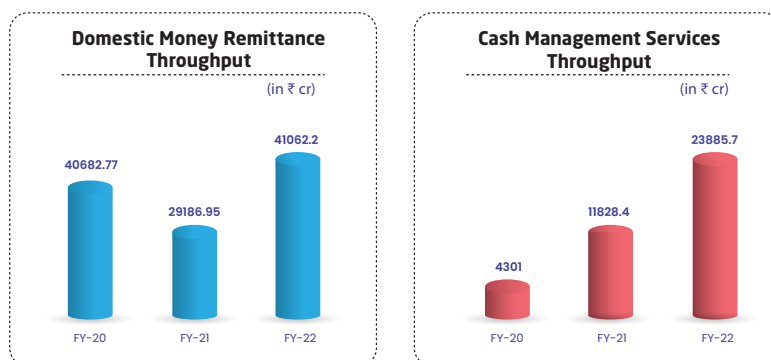
# VALUE CREATION - PIONEERING A PHENOMENON OF CASH DIGITIZATION

When we think of digital payments, the first thing that comes to our mind is a suave mobile application that is connected to our bank account through the UPI rails. But at the other end of the spectrum, we have a big parallel payments ecosystem that transacts only in cash. This cash-in-circulation (CIC) has more than doubled from ₹12.6 trillion as on 31st March 2017 to ₹31.4 trillion as on 31st March 2022.

We identified a big opportunity in cash digitization and innovated a B2C and a B2B offering around the use case. Our B2C offering is the money transfer or DMT offering wherein customers holding cash can transfer it to a beneficiary bank account through a Fino merchant as an intermediation point. The B2B product is a cash management offering wherein customers or agents of our clients can deposit any cash they generate in the course of their regular business at any Fino banking point.

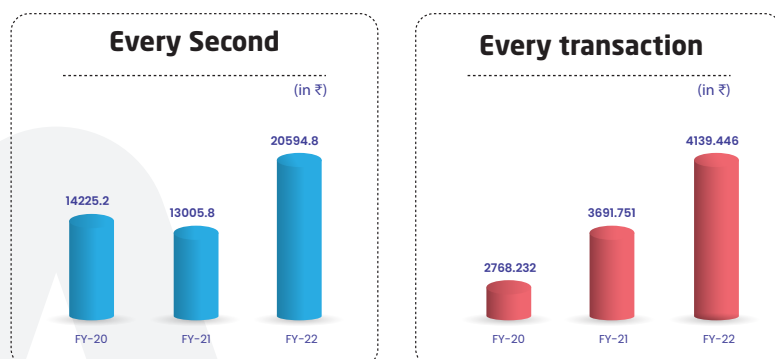
We initially targeted NBFC and MFI partners for the CMS business. But to our amazement, as we intended to diversify our client pool, we realized the amount of cash generated by the digital and e-commerce companies. Some of the biggest and richly valued companies in the e-commerce, logistics, retail, food delivery, cab aggregation and other modern sectors are our clients. In fact, we reduced our dependence on NBFC and MFI clients substantially as their share in overall CMS throughput came down from 98% in FY21 to 87% in FY22. If we consider the throughput mix only for the month of March 2022, then share of NBFC and MFI will be only 75% of the overall throughput.

## Overall Throughput



## Interesting Insights on Cash Digitization

### Cash Digitized



In FY22, Fino Payments Bank digitized ₹20,595 worth of cash every second on an average across the country. On every transaction, the Bank digitized ₹4,139 worth of cash.

There was a marginal dip in the cash digitization per second in FY21 due to the decline in DMT throughput that was a result of reverse migration on account of COVID.

# THE IMPACT OF FINO - EMERGING BHARAT'S CASH WITHDRAWAL BEHAVIOR



As Fino Payments Bank started setting up banking points at the last mile, the need for customers to travel to the nearest bank branch or ATM points gradually receded. A significant change in the withdrawal behavior was also observed.

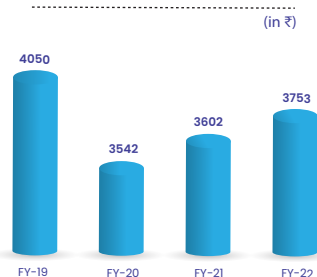
Earlier, after salary credits, there used to be substantial withdrawals of cash at one go to meet the expenses for the whole month. With neighbourhood banking points, customers are now more comfortable withdrawing cash only at the time of their need. Customers are happily treating us as their local piggy bank or wallet which can be accessed whenever required, thus reducing their tendency to overspend. This has led to more balances in the customers' bank accounts leading to an eventual thrust on digital payments.



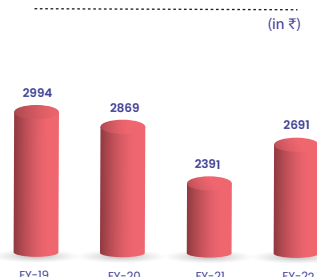
The average ticket size of cash withdrawal was higher in FY19 as compared to FY20, FY21 and FY22 even though the transaction volumes were far lower in FY19. While the average ticket size of withdrawals on MATM has remained consistently higher than AEPS, the transaction volume growth rate of AEPS has been steeper than MATM.

## Cash Disbursed Average Ticket Size

### MATM Average Ticket Size

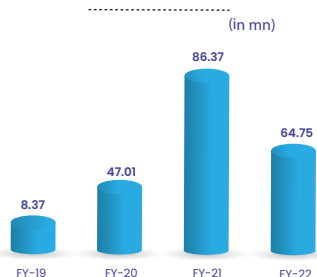


### AEPS Average Ticket Size



## Transaction Volume

### MATM



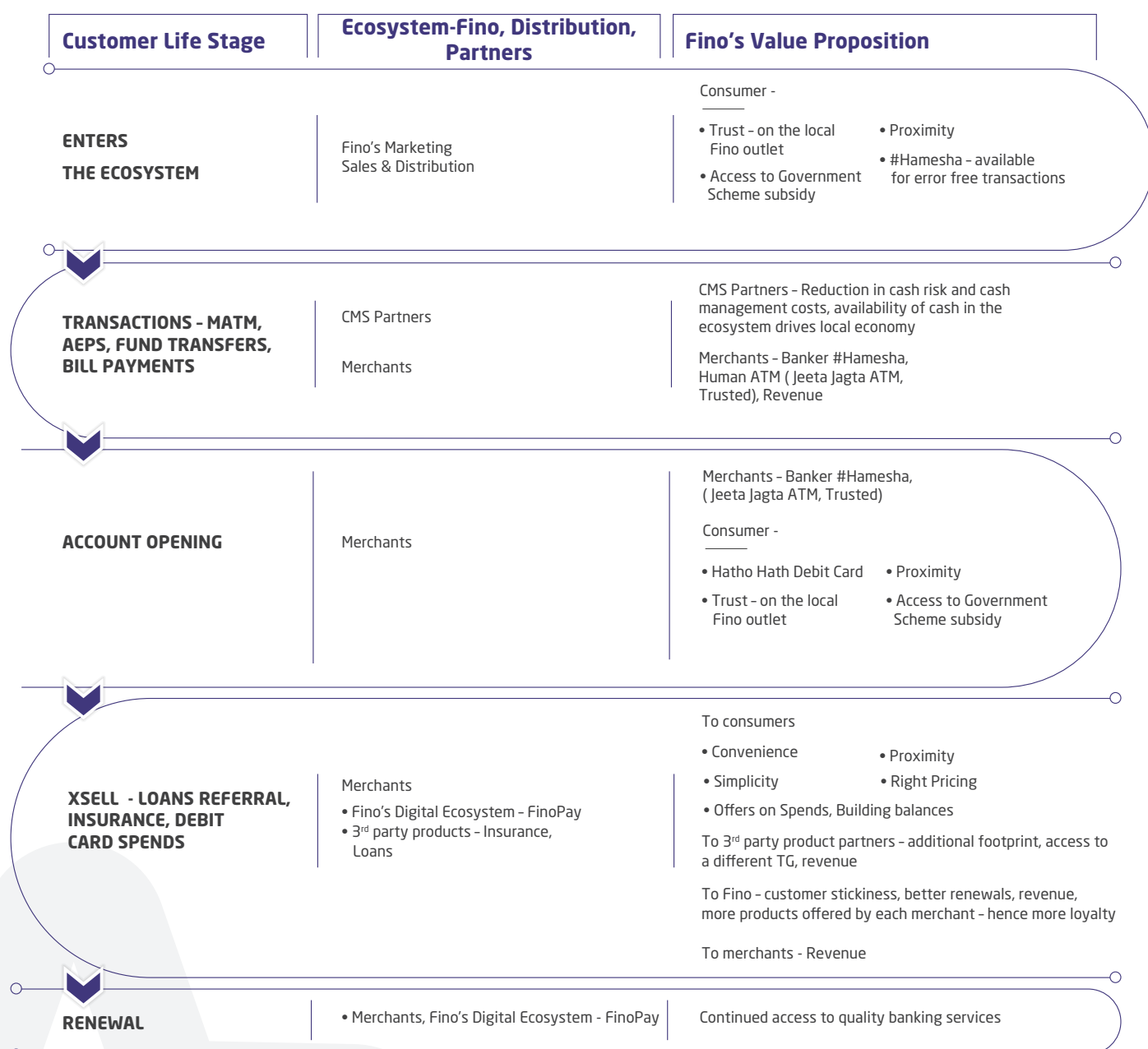
### AEPS



## A cash bazar ecosystem

Fino's banking points act as an intermediary between the cash surplus customers and the cash deficit ones from a payments banking point of view. There is a cash digitization business wherein merchants accept cash deposit and there is a simultaneous cash disbursement business wherein merchants dispense cash. There is a fee income on both the cash-in and cash-out legs of the transaction.

# THE IMPACT OF FINO - CREATING VALUE FOR EVERYONE IN THE ECOSYSTEM



# Digital 2.0

Even in the backdrop of intense competition within the fintech space, Fino Payments Bank not only survived but thrived in its 1.0 journey. It launched new products, grew revenue and throughput at industry leading growth rates, added new customers, launched digital mobile platforms and became profitable as well. The idea was always to identify revenue accretive themes and focus on profitability as the end game. The journey continues into 2.0 that will be a bigger and better version of 1.0 for Fino Payments Bank.

Growing the digital business is very important for Fino Payments Bank to tap the emerging Bharat customers. The next generation of customers will be active digitally for both payments as well as banking and the medium will largely be through embedded finance. This is a goal that many large financial institutions, especially banks and non-banks, are embarking upon by investing heavily on future ready digital platforms dubbed as 'super-apps'.

The digital throughput of Fino Payments Bank has grown phenomenally in FY22 as we sourced more digital savvy customers during the financial year. The throughput has now touched nearly 10% of our overall throughput and is continuing to grow exponentially.

| Digital throughput as a % of overall throughput | FY'21 | FY'22 |
|-------------------------------------------------|-------|-------|
| Digital throughput                              | 3.25% | 9.82% |

Digital will be our D2C or direct to customers, offering to our customers. The Bank is into various stages of different product builds either in its 'Build the Bank' 'Run the Bank' 'Maintain the Bank' paradigm.

## Our key planned initiatives are:

**1. Building New Digital Products:** The Bank is in the process of building some very unique savings product offerings for a new set of target audience with an aim to making their banking experience seamless, branchless and omni channel. The product will aim to introduce the element of every day banking by fulfilling requirements depending on customer needs. We are aiming to create a new target audience who are early adopters and are looking for that one Banking digital product for their everyday Banking.

**2. Deepening customer relations:** Post customer onboarding and usage, our Analytics suggest the next best action, product offering best suited for the customer to ensure that the banking needs are fulfilled and also it helps us deepen customer relation for cross sell, referrals.

**3. Digital Partnerships:** The Bank is ready with its API stack so that it can tie up with technology, fintech companies with specific use cases to help them open CASA relation and expand our base. Besides faster and varied set of customer onboarding, we will also be ensuring our presence at different touch points which will help depend the customer relation with Fino.

**4. Digital payments and 360 degree presence:** The Bank will further look at creating new products with a 360 ecosystem presence for Fino in its D2C strategy. With its market ready SDKs (software development kits) and APIs, our payment strategy is ready to facilitate partners, third party applications to offer payment solutions to their prospective customer set.

**5. Omnichannel customer experience:** Your Bank has recently launched a revamped mobile app and is in the process of creating the same for other OS, NetBanking and revamped website offering to ensure D2C products, leads etc for our audience (retail, merchant, prospects) are well captured and help us increase our CASA base.

**Our D2C strategy will be geared towards acquiring new customers, create new target audience, cross sell and ensure your Bank is part of their everyday Banking seamlessly, silently and consistently.**

India's digital growth is well documented and the future is very exciting especially with a vibrant populace of 50% plus under 35 years, already exposed to digital technologies thanks to cheaper mobile data plus affordable handsets. Today's consumers are diverse, value seekers, young needing a Bank account which is simple to operate, consistent in availability, small ticket transaction heavy and helps them solve their daily requirements.

The Bank is designing a special product for its D2C strategy for this very audience which will be part of their daily Banking. It will have a very different stack powering the same which will be agile, cloud native, modular and omnichannel in its true sense. A different deployment strategy will help achieve faster releases basis customer feedbacks, our own internal learnings among others.

Fino 2.0 strategy will be absolutely customer centric with its own insight focus and stack for a 360 degree view right from customer to platform to service to hyper personalization layer. The idea is to combine the best of e commerce, value propositions, seamless banking and also consistently reward the customers as part of the new product offering.

The Bank aims to create a fully paid + funded product and our initial focus in the first phase will be focused acquisition with a full personalized service offering. This will be followed by deploying tools to ensure higher engagement and deepen the customer relation vide cross sell before moving on to personalized lending (through a referral model) in our case.

The target audience will be all D2C customers who are looking for a second/ third bank account which can form part of their everyday banking. There are some value propositions in the works which will help them and eventually the Bank to create a win win proposition.

# Evolution of the Brand - the #Hamesha journey

A brand is but the sum total of all emotions it invokes.

And at Fino we have traversed an exciting journey in brand building. We moved from being service providers to other banks and servicing their consumers to now ownership of consumers who have a bank account with Fino Payments Bank. In the 5 years of the bank we sharpened the brand outlook. We created a core proposition which truly resonates with the consumer.

A big strength of our brand is that we are very grounded, naturally tuned to the real needs of the ecosystem. Across various formal and informal channels we focused on understanding why the ecosystem really wants to work with us. The Distribution, Products and Technology are pivotal, importantly a sentiment clearly came through.

We are **always** available - the entire organization is always available to work with the ecosystem

Our technology is **always** robust - it does not let the ecosystem down

We are **always** accessible - always nearby. **Gully Gully Fino!**

Our Products are **always** - convenient, simple and relevant

A merchant partner associated with us is **always** viewed as a “banker”

Our #Phygital approach means that the ecosystem will **always** consider us to be

Bharat ka Digital Banking partner

Our ecosystem know that we will **always** find a win-win solution

The word **always** strongly associated with us was, **always!**

This insight led us to craft our propositions around that one core emotion - **#Hamesha**

The simplicity of the idea is that it captures the real reason for associating with Fino Payments Bank and also communicates exactly why the ecosystem should work with Fino Payments Bank.






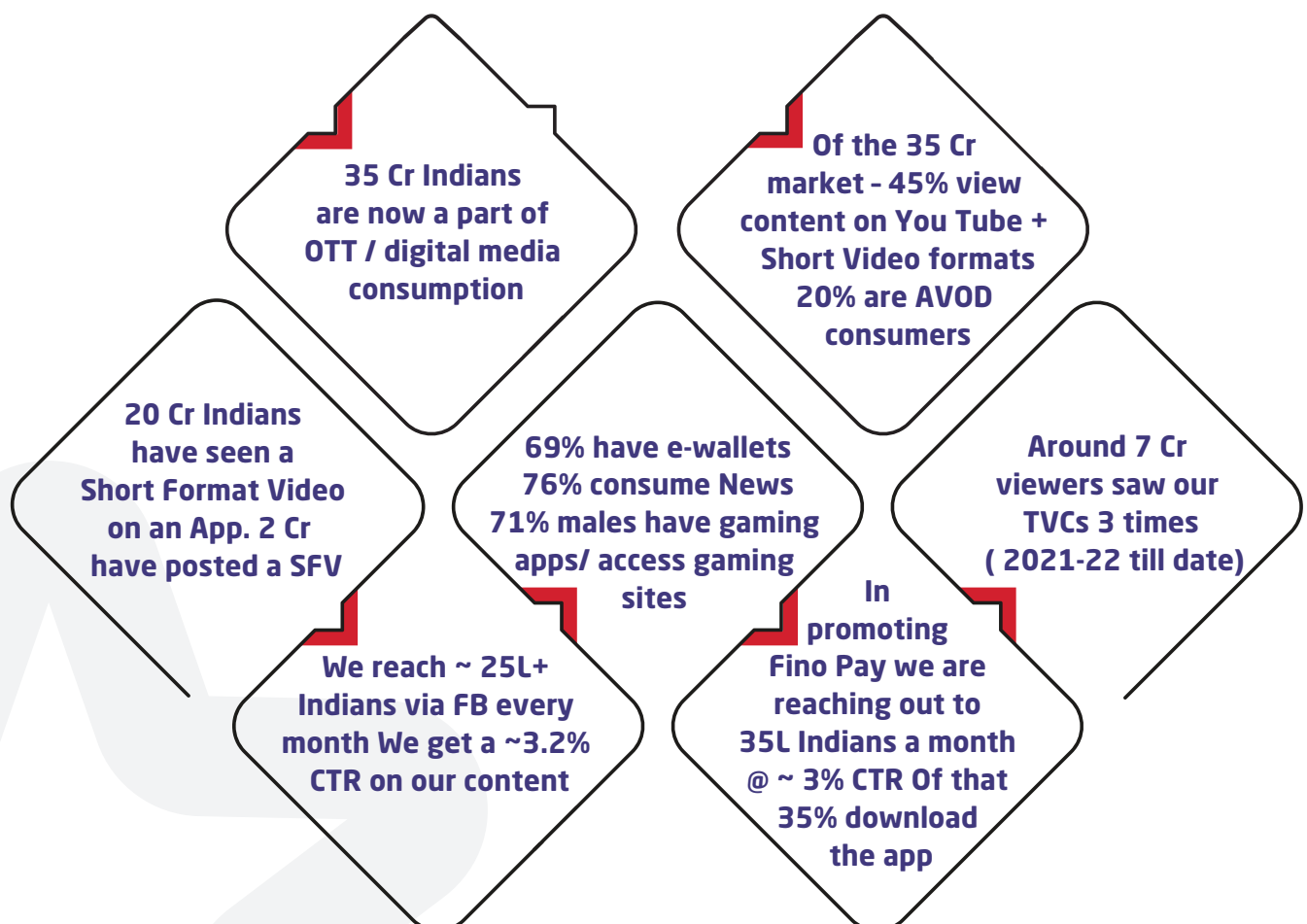
Very interestingly being **#Hamesha** meant that our ecosystem just did not have to worry when banking with us. This is an important sentiment especially for the underbanked segment. This led to consumers finally verbalizing what Fino really means - **Fikar NOt !**

As the brand continues to evolve we have stayed focussed on our core target audience and this consistency has paid us dividends.

Investing in our Fino 2.0 avatar we are increasingly using apographic targeting to reach out to our consumers who are rapidly adopting to digital means of communication, entertainment and payments.



|                                                                                    | Asset          | 2021-22<br>Community Size | YOY growth |
|------------------------------------------------------------------------------------|----------------|---------------------------|------------|
|   | Facebook       | 1.46 L                    | 60%        |
|                                                                                    | You Tube       | 59.9k                     | 70%        |
|   | Instagram      | 8.34k                     | 23%        |
|                                                                                    | Twitter        | 5.7K                      | 60%        |
|  | Website Visits | 6L per month              | 100%       |



# ESG

We at Fino Payments Bank have been at the forefront of initiatives, ways of working which later on came into vogue. Very interestingly we baked in principles of ESG into our way of working even without us realising that we were being ESG compliant! We were actually just being, Fino!



**Environmental** - We had conceptualized a paperless account opening and transaction process from Day 1

Fuelled by robust technology we have delivered paperless banking since June 2017. Here is a list of some of the routine things we do, which have a positive impact on the environment. Over this financial year we will look at formal ways to measure the actual impact.

1. We operate Micro ATMs across India. They consume a fraction of the electricity required to run a conventional ATM and provide access to cash withdrawals
2. With our CMS tie ups we have ensured that these Micro ATMs have cash to dispense. This ensures that a consumer does not have to commute far to withdraw money. The fuel savings due to better cash deposit logistics (for cash handlers) and cash withdrawal logistics (common consumers) is significant. The overall positive impact on the ecosystem due to reduced physical movement is a significant payoff in an environment sense.

**Social** - Our proposition to our merchant network has been that an association with Fino Payments Bank elevates their status to being a 'banker'. This has immense social and economic implications for those associated with us. The typical socio economic profile our merchant is an NCCS B, C. being positioned as a banker gives him/ her a leg up in the local ecosystem.

Offering banking services often requires these merchant points to add at least One attendant. This in effect generates employment. Today 10% of our merchant network are women bankers. We are running programs with the UP government (BC Sakhi program) and in Bihar (Jeevika) where women doorstep bankers are playing a pivotal role in offering financial services to their community. A woman merchant typically earns 30% more than her male counterparts!

By being embedded in the local ecosystem our merchant network often becomes a pillar of strength for the local community. In times of natural calamities or during the Covid stress they serve the community by going out of their way to make services available.

Well before we became a bank we had commenced adhering to stringent regulatory requirements expected of a well-run bank. Hence a Board governed by a majority of independent directors, proportional representation of women independent directors was in place from Day 1.

# MANAGEMENT PROFILES



**Rishi Gupta**  
MD & CEO

Rishi Gupta is the Managing Director and Chief Executive Officer of Fino Payments Bank since inception in 2017. His strategic focus and vision led the bank to profitability within three years of launch of operations.

In November 2021, under Rishi's stewardship, Fino became the first payments bank to get listed on the Indian stock exchanges.

Rishi's vision to make the bank a preferred choice of customers enables Fino to continue making invaluable contribution to the national agenda of financial inclusion and universal banking access.

Rishi is currently associated with one of the premier industry associations in the country, ASSOCHAM as the Co-Chairman of the National Council on Banking and Financial Services.

Rishi is the founding member of Fino Paytech, the parent company of the bank. Prior to joining Fino, Rishi worked with the International Finance Corporation (IFC) in New Delhi.

He began his career of over two decades with Maruti Udyog Limited and then joined ICICI Bank, from where he advanced to senior roles.

A certified Bank Holder CA and Cost & Works Accountant, Rishi was awarded 'CA- Entrepreneur Path Breaker' by Institute of Chartered Accountants of India (ICAI) in 2018.



**Ketan Merchant**  
Chief Financial Officer

Ketan Merchant took charge as the Chief Financial Officer in February 2019. A career banker with over 23 years of experience, Ketan looks after the Finance, Strategy, Balance Sheet Management and Internal control functions in his current role at the Bank.

As CFO, Ketan's focus is on strategizing a growth driven business

model to enhance shareholders value and optimising balance sheet management. He has been instrumental in creating a differentiated and a lean cost model that facilitated the exponential growth the Bank witnessed in the past four years.

His rich experience in both debt and equity raising from domestic as well as international investors and creating governance framework played a critical role in the Bank's evolution and growth. Along with Rishi Gupta, Ketan was at the forefront in successfully managing the bank's IPO and related capital market actions.

Ketan is a qualified chartered accountant from the ICAI and a commerce graduate from the University of Mumbai.

Before joining Fino, Ketan has worked at HSBC Bank, Standard Chartered Bank, Barclays and Digicel group in India and across the globe.



**Major Ashish Ahuja,**  
Chief Operating Officer

Major Ashish Ahuja has been associated with the Bank since inception and took charge as the Chief Operating Officer in June 2020.

Major Ashish is responsible for developing and executing innovative solutions for Fino Payments Bank. In addition to overseeing in house offerings, he manages corporate partnerships and alliances to

strengthen the product and service portfolio of the bank.

For smooth and seamless service delivery to customers, clients and merchants, Major Ashish ensures cohesive functioning of Products, Central operations and other affiliated functions.

An Indian Army veteran with over 28 years of experience across military service, banking, channel management, retail and more, Major Ashish's strength lies in successfully executing complex projects.

Over the years, Ashish has represented Fino in multiple businesses and government forums on financial inclusion, digital payments, direct benefit transfer (DBT) and Aadhaar enabled payment systems (AEPS) amongst others.



**Shailesh Pandey,**  
Chief Sales Officer

Shailesh Pandey has been with the Bank since inception in 2017 and has been the Chief Sales Officer (CSO) since June 2020.

As CSO, Shailesh created the country's largest financial services distribution network of over half a million banking points spread across India. The depth of the network helps bring the unbanked and under banked segment

of customers into formal financial services fold, leading to a profitable business model.

Prior to his current role, he was the Head of Strategy and Marketing where in Shailesh spearheaded the efforts of launching the payments bank right from the start, including liaison for license and fund raise. As the CMO he launched the brand new identify and positioning of Fino.

Shailesh holds a bachelor's degree in engineering and a Post Graduate Diploma in Business Management.

In his more than two decade experience in Sales, Distribution, Strategy and Marketing, Shailesh has been associated with BPL Mobile Communications Limited, ICICI Prudential Life Insurance Company Limited, Aviva Life Insurance Company India Limited and Fino Paytech



### **Bharat Bhanushali,** Head (Business Technology)

Bharat Bhanushali is the Head of Business Technology and Core Banking of the Bank. Associated with the Bank since inception, Bharat was instrumental in designing banking technology stack from ground up and developing cutting edge products.

In this current role, Bharat is responsible for defining the technology stack, implementing new

age solutions and delivering secure, innovative business and digital solutions.

Prior to joining the bank, Bharat has worked with Fino Paytech, Global Software Resources, Inc, Goldfield Services Private Limited and Genesys International Corporation Limited



### **Anand Bhatia,** Chief Marketing Officer

Anand Bhatia joined the Bank with effect from February 5, 2018 as the Chief Marketing Officer.

Anand spearheaded the Bank's brand journey with the innovative use of new age media platforms. In a first for a payments bank, he was instrumental in the Bank signing up a brand ambassador who has a deep connect with the Bank's target segment.

He represented Fino as a thought leader and jury in many forums.

He holds an engineering degree from University of Mumbai and b-schooled at the Indian Institute of Management, Lucknow.

He has previously worked at Citi, Subhiksha Trading Services Limited, Career Launcher India Limited and co-founded Ormax Money Private Limited.



### **Amit Kumar Jain,** Head (Business Alliances)

Amit Kumar Jain heads Business Alliances and PMO at the Bank and has been associated with the organisation since inception.

In his current role, Amit manages existing businesses partnerships in Enterprise, Banking and Government sectors. He also spearheads new businesses to monetize products and distribution network crucial for Fino's

growth.

A post graduate in International Business, Amit has previously worked with Fino Paytech, Geosansar Advisors, ICICI Bank Limited and Mudra Communications Limited.



### **Vinod Kumar,** Chief Information Officer

Vinod Kumar is the Chief Information Officer of the Bank. He was instrumental in setting up the robust IT infrastructure systems and is working on digital transformation initiatives towards creating a future ready bank.

He holds a bachelor's degree in engineering and an MBA in Information Systems.

Prior to Fino, he has worked at Teletech Services India Limited, ICICI Bank Limited and international assignments with Raktbank, and K-infosystems - FZE.



### **Major Pratima Pinto Thomas,** Head (Human Resources)

Major Pratima Pinto Thomas heads the Human Resource function at the Bank.

She has been instrumental in leading the organisation with people initiatives creating a vibrant workplace. Major Pratima led major efforts that contributed towards the employee experience/enthusiasm in

trying times during the pandemic ensuring business continuity and bringing in new age practises in the organization.

She is a certified Gallup coach and holds a bachelor's degree in Commerce, Masters in Human Resource Development Management from Jamnalal Bajaj, University of Mumbai and Post Graduate Certificate in Business Administration (Customised Programme for Defense Officers) from Narsee Monjee Institute of Management Studies.

She has served in the Indian Army for 10 years and prior to joining the Bank she worked with various organisations like Vijay Sales, The Essar Group and BDO India LLP.



### **Basavraj Loni,** Company Secretary and Compliance Officer-Head Legal

Basavraj Loni joined the bank in November 2017 and is the Company Secretary and Head Legal of the Bank since May 2020. He holds a bachelor's degree in law (special) and is an associate member from ICSI. He has experience in the domain of secretarial, legal, corporate governance and

compliance. He has previously worked at Priya Limited, Raj Oils Mills Limited, GOL Offshore Limited, and Mahindra & Mahindra Financial Services Limited.

# BOARD MEMBERS



**Mr. Mahendra Kumar Chouhan**

Part-time Chairman and  
Independent Director  
(Ceased w.e.f. 01.05.2022)



**Mr. Suresh Kumar Jain**

Independent Director



**Dr. Punita Kumar-Sinha**

Independent Director  
(Ceased w.e.f. 01.05.2022)



**Mrs. Deena Asit Mehta**

Independent Director



**Mr. Rajat Kumar Jain**

Independent Director



**Mr. Prakash Iyer**

Independent Director



**Mr. Rakesh Bhartia**

Independent Director



**Mr. Avijit Saha**

Nominee Director



**Mr. P S Ravi**

Nominee Director



**Mr. Rishi Gupta**

MD & CEO



## BOARD'S REPORT

### Dear Members,

Your Board of Directors are pleased to present the Sixth (6<sup>th</sup>) Annual Report of Fino Payments Bank Limited ("Bank") together with the Audited Financial Statements for the Financial Year ended March 31, 2022.

### FINANCIAL HIGHLIGHTS

The financial highlights for the year under review are presented below:

(₹ in lakhs)

| Particulars                                                   | 2021-22         | 2020-21         |
|---------------------------------------------------------------|-----------------|-----------------|
| <b>Balance Sheet:</b>                                         |                 |                 |
| Savings Bank Deposits                                         | 49,762          | 24,121          |
| Current Account Deposits                                      | 307             | 163             |
| <b>Total Assets/ Liabilities</b>                              | <b>1,68,000</b> | <b>1,01,029</b> |
| <b>Profit &amp; Loss Account</b>                              |                 |                 |
| Total Income                                                  | 1,00,885        | 79,103          |
| Less: Expenses                                                | 92,447          | 71,187          |
| <b>Profit /(Loss) before Interest, Depreciation and Tax</b>   | <b>8,438</b>    | <b>7,916</b>    |
| Less: Depreciation                                            | 3,545           | 5,358           |
| Less: Finance Charges                                         | 619             | 511             |
| <b>Profit /(Loss) before Tax and prior period items</b>       | <b>4,274</b>    | <b>2,047</b>    |
| <b>Profit /(Loss) before Tax</b>                              | <b>4,274</b>    | <b>2,047</b>    |
| Taxes                                                         | -               | -               |
| <b>Net Profit /(Loss) after Tax</b>                           | <b>4,274</b>    | <b>2,047</b>    |
| Other Comprehensive Income                                    | -               | -               |
| <b>Balance of Profit /(Loss) carried forward to next year</b> | <b>4,274</b>    | <b>2,047</b>    |
| <b>Appropriations</b>                                         |                 |                 |
| Transfer to Statutory Reserve                                 | 1,069           | 512             |
| Transfer to Investment Reserve                                | 11              | -               |

### BUSINESS OPERATIONS AND STATE OF THE BANK AFFAIRS

The brief details on the business operation and state of affairs of the Bank during financial year ended March 31, 2022 are given below:

1. In Nov 2021, the Bank became the first Payments Bank in India to list on the stock exchanges.
2. The Bank became the first Payments Bank to cross ₹1,000 crore revenue milestone in a financial year on the back of core transaction business.
3. Throughput grew by a whopping 41% year-on-year basis in FY22.
4. The Bank processed 67cr+ transactions in FY22, a 55% growth compared to the previous year (Almost 1% of those who walk in to transact eventually commence a relationship with the Bank).
5. Digital throughput in FY22 grew exponentially by 325% to touch nearly 10% of overall throughput in FY22 at ₹18,393 crs.
6. The Bank opened approx. 20.2 lakh current and savings accounts of customers in FY22, of which 85%+ were subscription based accounts.
7. The Bank delivered a robust ROE in FY 22 of 14.8%.
8. Distribution activity on critical KPIs was pivotal in delivering sales performance. The Business Enablement Teams played a big role in driving these KPIs
  - a. Active Merchant ratio up by 42% on AEPS
  - b. Active Merchant ratio up by 18% on CMS and Micro ATMs
  - c. Active Merchant ratio up by 4% on DMT
9. Merchant network went up by 59%, the Bank's physical outreach reached to 10 lakh + banking points in FY 22.
10. The Bank made its first foray into association with sports properties. By being the Digital Payments Partner of Rajasthan Royals, the Bank commenced interaction with a very different and digitally savvy customer. This will help in the Fino 2.0 story.

Further, the net revenue of the Bank was ₹1,008.9 Crs for the year ended March 31, 2022 as compared to ₹791 Crs in previous year. The Bank's Profit after tax has doubled in FY 2022 to ₹42.7 Crs as compared to profit of ₹20.5 Crs during previous year.

Your Bank is a public limited company and is registered with Reserve Bank of India (RBI) to carry on the business of Payments Bank in India. A detailed Operational performance of the Bank during the year has been comprehensively discussed in the Management Discussion and Analysis Report which forms an integral part of this Annual Report.

### 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.

The Bank continues to comply with all the applicable regulations prescribed by the Reserve Bank of India ("RBI"), from time to time.

## CHANGE IN NATURE OF BUSINESS

During the year under review, there has been no change in nature of business of the Bank.

## CREDIT RATING

The details of credit rating obtained by the Bank outstanding as on March 31, 2022 along with its outlook are given here under:

| Rating                   | Outlook | Rating Agency | Comments                                                                                                                           |
|--------------------------|---------|---------------|------------------------------------------------------------------------------------------------------------------------------------|
| Long Term:<br>[ICRA] BBB | Stable  | ICRA Limited  | Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. |
| Long Term:<br>[ICRA] BBB | Stable  | ICRA Limited  | Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations.     |

## DIVIDEND

Since the Bank is in growing stage and keeping in view of required funds to support its future growth, your Directors do not recommend any dividend for the financial year ended March 31, 2022.

In accordance with Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), the Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its Members and retaining enough capital for the Bank's future growth and expansion plan. The Dividend Distribution Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757567\\_dividenddistributionpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757567_dividenddistributionpolicy.pdf)

## TRANSFER TO RESERVES

During the year under review, the Bank has appropriated ₹10.7 Crs towards Statutory Reserves for the financial year ended March 31, 2022.

## CAPITAL STRUCTURE & FUND RAISING

The Issued, Subscribed and Paid up Share Capital of the Bank as on March 31, 2022 was at ₹ 83,21,43,020 (Rupees Eighty Three Crores Twenty One Lakhs Forty Three Thousand Twenty Only) comprising of 8,32,14,302 (Eight Crores Thirty Two Lakh Fourteen Thousand Three Hundred and Two) Equity Shares of face value of ₹ 10/- (Rupees Ten Only) each.

The details of fresh allotment of Equity Shares by the Bank during the year under review are given below:

| Sr. No. | Date of Allotment of Equity Shares | Brief Details                                                                                                                                           | No of Equity Shares |
|---------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1       | July 22, 2021                      | Allotment pursuant to Bonus Issue in the ratio 0.75:1 i.e. 0.75 equity shares for every 1 equity share held in the Bank by the shareholders of the Bank | 3,34,34,999         |
| 2       | November 09, 2021                  | Allotment under Initial Public Offer                                                                                                                    | 51,99,306           |

Apart from the above, the Bank did not raise any additional Equity Share capital during the year.

## INITIAL PUBLIC OFFERING OF EQUITY SHARES

During the financial year under review, your Bank has successfully completed Initial Public Offer ("IPO" or "Issue") of the 2,08,02,305 equity shares of face value of ₹10 each of the Bank at a price of ₹577 per equity share, including premium of ₹567 per equity share aggregating to ₹1200,29,29,985 comprising of a fresh issue of 51,99,306 equity shares aggregating to ₹299,99,99,562 and an Offer for Sale of 1,56,02,999 equity shares aggregating upto ₹900,29,30,423 by the Fino PayTech Limited (Selling Shareholder), Holding Company.

Subsequently, the equity shares of the Bank were listed on BSE Limited ("BSE") and National Stock Exchange of India ("NSE") with effect from November 12, 2021. The Issue opened on October 29, 2021 and closed on November 02, 2021 (both days inclusive) and it was oversubscribed. The Issue was led by Book Running Lead Manager viz Axis Capital Limited, CLSA Indian Private Limited, ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited.

The Bank has completed refund of application money to those subscribers whom Equity Shares couldn't be allotted in the IPO and there is nil balance of shares lying in the unclaimed shares escrow demat account opened for the purpose.

## UTILIZATION OF NET PROCEEDS FROM THE FRESH ISSUE IN IPO

The net proceeds from the fresh issue in the IPO were utilised for the objects of the issue stated in the Red Herring Prospectus dated October 22, 2021 i.e. towards augmenting its Tier - 1 capital base to meet its future capital requirements. Further, the proceeds from the Fresh Issue was also used towards meeting the expenses in relation to the Offer.

The Bank would require additional Tier-I capital for penetration of business/ services in uncovered/ sparsely covered areas, modernization to technology (banking) platform to handle business in line with large volumes on account of growing business development of customer oriented banking/ financial products, activities to generate awareness of bank's products and services among targeted population and country, keeping sufficient capital meeting the regulatory/ compliance requirements to operate as a Payments Bank. This future need for capital will be met through internal accruals as well as proceeds of the issue.

## EMPLOYEES STOCK OPTION SCHEMES ("ESOS")

The Bank has formulated and implemented Fino Payments Bank Limited - Employees Stock Option Policy, 2020' ("ESOP Scheme") with a view attract, retain, incentivize and motivate employees of the Bank by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The ESOP Scheme has been amended from time to time in view of regulatory changes/ business requirements. None of these amendments were prejudicial to the interest of the employees.

The Nomination and Remuneration Committee ("NRC") of the Board is entrusted with the responsibility of implementation and administration of the ESOP Schemes. One grant has been made under the ESOP Scheme during the Financial Year 2021-22.

The details and disclosures as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and circulars issued thereunder, have been uploaded on the Bank's website at [www.finobank.com](http://www.finobank.com) under the 'Investors' section. The Equity Shares issued under ESOP Scheme ranks pari passu with the existing equity shares of the Bank.

Further, disclosure as per the 'Guidance Note on Accounting for Employee Share-based Payments' issued by the Institute of Chartered Accountants of India, are appearing in the Notes to the Financial Statements of the Bank for the financial year ended March 31, 2022, forming part of this Annual Report.

The ESOP Schemes is in compliance with the SEBI (SBEB and SE) Regulations, 2021. A certificate from the Secretarial Auditor of the Bank that the ESOP Schemes has been implemented in accordance with SEBI (SBEB and SE) Regulations 2021 and in accordance with the resolutions passed by the members of the Bank, will be placed at the 6<sup>th</sup> AGM of the Bank.

## CAPITAL ADEQUACY RATIO

Your Bank has strong capital adequacy ratio. As on March 31, 2022, the Capital to Risk Assets Ratio (CRAR) of your Bank was 125.59% which is well above the minimum requirement of 15% CRAR prescribed by the Reserve Bank of India.

Out of the above, Tier I capital adequacy ratio stood at 125.56% and Tier II capital adequacy ratio stood at 0.03%.

## ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Members at their Extra Ordinary General Meeting ("EGM") held on July 22, 2021 had adopted new set of Articles of Association in accordance with the provisions of the Companies Act, 2013 ("Act") read with the rules made thereunder and to align with the requirements of the stock exchanges and as per the SEBI Listing Regulations.

## PLACE OF KEEPING REGISTER OF MEMBERS

During the year under review, the Members through a Special Resolution passed at their EGM held on July 22, 2021, approved the change in place of keeping its Register of Members by changing its Registrar and Share transfer agent from Adroit Corporate Services Private Limited to KFin Technologies Limited (Formerly known as KFin Technologies Private Limited).

## MATERIAL CHANGES AND COMMITMENTS

Apart from the details given in this Report, there were no material changes or commitments affecting the financial position of the Bank which have occurred between the end of the financial year i.e. March 31, 2022 and up to the date of this Report.

## TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND

During the year under review, the Bank was not required to transfer any fund or Equity Share to the Investor Education and Protection Fund as per the provisions of Section 125 of the Act read with applicable rules framed thereunder, as amended from time to time.

## DEPOSITS

Being a Banking company, the disclosures required in accordance to Sections 73 and 74 of the Act read with Companies (Accounts) Rules, 2014 and other applicable provisions of the Act are not applicable.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Composition of the Board is in compliance with the provisions of the Act, the SEBI Regulations and the Guidelines for Licensing of "Payments Banks" dated November 27, 2014 issued by the Reserve Bank of India and the Articles of Association of the Bank.

The Board of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations. As per SEBI Listing Regulations, the Bank has received Certificate from M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretaries, the Secretarial Auditor of the Bank that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as a Director of any Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such other statutory authority.

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Bank, Mr. Rishi Gupta, Managing Director & CEO of the Bank retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The resolution seeking his re-appointment along with his profile as required under regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 6<sup>th</sup> AGM Notice.

The Members at their AGM held on September 25, 2021 have approved the appointment of Mr. Rajat Kumar Jain as an Independent Director of the Bank for a period of five consecutive years commencing from November 02, 2020. Mr. Rajat Kumar Jain was earlier appointed as an Additional Director in the capacity of Independent Director of the Bank by the Board w.e.f. November 02, 2020.

In accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board appointed Mr. Prakash Kulathu Iyer as an Additional Director in the capacity of Independent Director of the Bank w.e.f. June 01, 2022. Further, the Board also approved his appointment as an Independent Director of the Bank for a period of five consecutive years with effect from June 01, 2022 up to May 31, 2027 (both days inclusive), subject to approval of the Members. The Bank has initiated the process of seeking approval of Members on his aforesaid appointment as an Independent Director of the Bank for a term of five consecutive years commencing from June 01, 2022, through the Postal Ballot vide Postal Ballot Notice dated July 20, 2022. The result of the Postal Ballot will be announced on or before Tuesday, August 30, 2022.

In accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board appointed Mr. Rakesh Bhartia as an Additional Director in the capacity of Independent Director of the Bank w.e.f. July 27, 2022. Further, the Board also approved his appointment as an Independent Director of the Bank for a period of five consecutive years with effect from July 27, 2022 up to July 26, 2027 (both days inclusive), subject to approval of the Members. The resolution seeking his appointment as an Independent Director of the Bank w.e.f. July 27, 2022 for a term of five consecutive years commencing from July 27, 2022 along with his profile as required under regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 6<sup>th</sup> AGM Notice.

Further, in accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board at its meeting held on July 27, 2022 approved the re-appointment of Mr. Rishi Gupta as Managing Director & CEO of the Bank for a period of three consecutive years with effect from May 02, 2023 up to May 01, 2026 (both days inclusive), subject to approval of the Members and RBI. The resolution seeking his re-appointment as Managing Director & CEO of the Bank for a term of three consecutive years commencing from May 02, 2023 along with his profile as required under regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 6<sup>th</sup> AGM Notice.

Mr. Amit Jain ceased to be a Nominee Director of the Bank w.e.f. May 25, 2021.

Mr. Mahendra Kumar Chouhan was appointed as an Independent Director of the Bank for a period of five (5) years with effect from May 02, 2017 and as a Part-time Chairman of the Bank for a period of three (3) years with effect from May 18, 2020. Mr. Mahendra Kumar Chouhan ceased to be Independent Director and Part-time Chairman of the Bank w.e.f. May 01, 2022 upon completion of his tenure.

Dr. Punita Kumar-Sinha was appointed as an Independent Director of the Bank for a period of five (5) years with effect from May 02, 2017. Dr. Punita Kumar-Sinha ceased to be Independent Director of the Bank w.e.f. May 01, 2022 upon completion of her tenure.

The Board placed on record its appreciation for the valuable services and support provided by Mr. Mahendra Kumar Chouhan, Dr. Punita Kumar-Sinha and Mr. Amit Jain during their tenure as Directors of the Bank.

During the year under review, there has been no change in the Directors and Key Managerial Personnel of the Bank other than those disclosed above.

## DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Act, it is hereby confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2022 and of the profit of the Bank for that period;
- the Directors 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;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## DECLARATION BY INDEPENDENT DIRECTORS

As required under the provisions of Section 149 of the Act, all the Independent Directors (IDs) have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as IDs of the Bank. In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

All the IDs of the Bank have complied and affirmed to abide by Rule 6 (Creation and Maintenance of Databank of Persons Offering to become Independent Directors) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, and have also declared their enrollment in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs ('IICA').

## CODE OF CONDUCT FOR DIRECTORS INCLUDING INDEPENDENT DIRECTORS AND SMPs

The Board of the Bank has adopted a Code of Conduct for the Directors and Senior Management Personnel (SMPs) of the Bank in compliance of Regulation 17(5) of the SEBI Listing Regulations which sets forth the guiding principles for orderly and fair conduct by Board and SMPs.

For the financial year 2021-22, all the Board members and SMPs have affirmed the compliance with the Code and a declaration to this effect signed by the Managing Director & CEO forms part of Corporate Governance Report annexed to the Board's Report. The Bank's Code of Conduct for Directors and SMPs is disclosed on the website of the Bank at [https://www.finobank.com/uploads/pages/corporate-governance/1661755215\\_9c0cbodsrmangementn.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755215_9c0cbodsrmangementn.pdf)

## NUMBER OF MEETINGS OF THE BOARD, ATTENDANCE, MEETINGS AND CONSTITUTION OF VARIOUS COMMITTEES

During the year under review, fourteen (14) Board meetings were held. The intervening gap between the said meetings were in compliance with the provisions of Act, relevant rules made thereunder, Secretarial Standard-I Issued by Institute of Company Secretaries of India and provisions of SEBI Listing Regulations. The dates of Board meetings and details of attendance of each Director and constitution of various Committees of the Board are disclosed separately in the Corporate Governance Report annexed to the Board's Report.

## POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 178(3) of the Act read with rules made thereunder and RBI guidelines, the Board of Directors has formulated and adopted a comprehensive Compensation Policy which inter-alia covers criteria for appointment and remuneration of its Directors, Key Managerial Personnel, Senior Management Personnel, and other Employees of the Bank.

The proposal for appointment of Directors is put up to the NRC along with requisite documents/disclosures received in the prescribed format for his/her proposed candidature as Director. The NRC carry out the fit and proper assessment after ascertaining the veracity of documents being submitted, experience and qualifications required for the post and if deems fit, recommend the profile for appointment to Board for their approval. The NRC and the Board ensures that the remuneration to be paid to the proposed appointee is in accordance with the compensation policy and RBI guidelines issued in this regard. During the financial year 2021-22, the Board reviewed the Compensation Policy, which regulates the appointment and remuneration of Directors, Key Managerial Personnel, Senior Managerial Personnel, and other employees of the Bank. The terms of reference of the NRC, objectives of Compensation Policy including other details are have been detailed in Corporate Governance Report annexed to the Board's Report.

The Compensation Policy of the Bank is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755335\\_18nrccompensationpolicye.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755335_18nrccompensationpolicye.pdf)

## BOARD PERFORMANCE EVALUATION

In accordance with the provision of the Act, SEBI Listing Regulations and RBI guidelines, the Annual Performance Evaluation of the Board, its Committees and each Director has been carried out for the year under review. The details of evaluation process of the Board, its Committees and individual Directors have been disclosed in the Corporate Governance Report forming part of this Annual Report.

The policy on the Board's Evaluation framework is made available on the Bank's website at [www.finobank.com](http://www.finobank.com).

## SUCCESSION PLANNING

Pursuant to the recommendation of NRC, the Board has framed a Policy on Succession Planning at the Board and Senior Management levels. The Policy is periodically reviewed by the NRC and the Board. The Board composition and the desired skill sets/ areas of expertise at the Board level are continuously reviewed and vacancies, if any, are reviewed in advance through a systematic due diligence process.

Succession planning at Senior Management levels, including business and assurance functions, is continuously reviewed to ensure continuity and depth of leadership at two levels below the Managing Director & CEO. Successors are identified prior to the Senior Management positions falling vacant, to ensure a smooth and seamless transition. The Policy on Succession Planning is made available on the website at [https://www.finobank.com/uploads/pages/corporate-governance/1661869150\\_SuccessionPlanningPolicyN.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661869150_SuccessionPlanningPolicyN.pdf)

## FAMILIARISATION PROGRAMME

The details about Familiarisation Programme carried out by the Bank have been disclosed in the Corporate Governance Report forming part of this Annual Report.

## STATUTORY CENTRAL AUDITORS AND THEIR REPORT

M/s. MSKC & Associates (formerly M/s. R.K. Kumar & Co.), Chartered Accountants (FRN: 001595S) ("**MSKC**"), the Statutory Central Auditors of the Bank have conducted Statutory Audit of the Financial Statements of the Bank for financial year ended March 31, 2022. The Notes referred in the Auditors' Report are self-explanatory.

There are no qualifications or reservations or adverse remark or disclaimers given by Statutory Central Auditors. The Auditors' Report forms an integral part of this Annual Report. The total fees paid to the Statutory Central Auditors of the Bank for the financial year ended March 31, 2022 is disclosed in the Note No. 60 to Financial Statements for the financial year ended March 31, 2022 forming part of this Annual Report.

MSKC has been the Statutory Central Auditors of the Bank from the conclusion of 3<sup>rd</sup> AGM of the Bank held in the year 2019. Since, MSKC shall be completing the maximum permitted period of three (3) years as the Statutory Central Auditors of the Bank pursuant to the RBI Guidelines, they shall not be eligible for re-appointment without completion of cooling period prescribed in the RBI Guidelines.

In view of above, the Board, on recommendation of the Audit Committee, recommended to RBI for approval, the name of M/s. A P Sanzgiri & Co, Chartered Accountants (FRN: 116293W) as the first preferred firm, out of the three shortlisted audit firms, to act as Statutory Central Auditors of the Bank in relation to the financial year 2022-23, subject to approval of the Members at the ensuing AGM. The Bank has received approval from RBI vide its letter dated July 07, 2022 for appointment of M/s. A P Sanzgiri & Co as the Statutory Central Auditors of the Bank in relation to the financial year 2022-23, subject to approval of the Members at the ensuing AGM.

The resolution seeking appointment of M/s. A P Sanzgiri & Co, Chartered Accountants as Statutory Central Auditors of the Bank from the conclusion of 6<sup>th</sup> AGM to the conclusion of 7<sup>th</sup> AGM of the Bank to be held in year 2023 forms part of 6<sup>th</sup> AGM Notice.

## SECRETARIAL AUDITORS AND THEIR REPORT

In compliance with the provisions of Section 204 of the Act and the rules framed thereunder, M/s. DM & Associates Company Secretaries LLP, the Secretarial Auditors ("**Secretarial Auditors**") of the Bank undertook the Secretarial Audit for the financial year ended March 31, 2022. There were no observations, qualifications or adverse remark made by the Secretarial Auditors in their Report.

The Secretarial Audit Report for financial year 2021-22 is annexed with Board's Report as **Annexure-I**.

## COST AUDITORS

During the year under review, the provisions for maintenance of cost records as specified by the Central Government under section 148(1) of the Act are not applicable to the Bank and the Bank was not required to appoint Cost Auditor.

## LOANS, GUARANTEES AND INVESTMENTS

There was no loan made, guarantee given or security provided or acquisition of security was done under Section 186 of the Act and hence, no disclosure was required to be made herein in this regard.

## RELATED PARTY TRANSACTIONS

All the Related Party Transactions ("**RPTs**") that were entered into during the financial year were on an arm's length basis and were in ordinary course of business. Transactions entered into by the Bank with related parties in the normal course of its business were placed before the Audit Committee of the Board ("**ACB**"). Prior omnibus approval for normal banking transactions was also obtained from the ACB for the RPTs which are repetitive in nature as well as for the normal banking transactions which cannot be foreseen. A statement giving details of all RPTs, entered pursuant to the omnibus approval so granted, is placed before the ACB for their review.

The Bank has not entered into any material financial or commercial transactions with any related parties as per AS-18 and the SEBI Listing Regulations that may have potential conflict with the interest of the Bank at large.

In terms of Regulation 23(9) of the SEBI Listing Regulations, the Bank submits the disclosure of RPTs in a prescribed format, as specified under relevant Accounting Standards, on half yearly basis to the Stock Exchanges and update its website accordingly.

There were no transactions entered into individually or taken together with the previous transactions during the financial year with related parties, which were not in the normal / ordinary course of the business of the Bank, nor were there any transactions with related parties or others, which were not on an arm's length basis. Hence, pursuant to Section 134(3)(h) of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no RPTs to be reported under Section 188(1) of the Act. Hence, Form AOC-2 is not applicable to the Bank.

Pursuant to the provisions of the Act and the Rules made thereunder, SEBI Listing Regulations, the Bank has in place a Board approved policy on related party transactions.

The said policy is also uploaded on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757749\\_RPTPolicyRevised.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757749_RPTPolicyRevised.pdf)

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Your bank is committed for maintaining a balance between growth and optimal utilisation of resources. Your bank is also focused towards undertaking initiatives for absorption of technology with conservation of energy.

### A. Research & Development

During the year under review, the 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 not only be consumed by Bank, but also can be extended to its Partners and Merchants.

#### i. Payments Bank

##### a. Teller / Merchant Application

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

##### b. API Banking & Integrations

Considering large flow of payment services clients, the Bank has developed white label approach for on-boarding payment services clients. With this approach, plugging-in new payment services client has been easy and faster now. The Bank has also created Application Programming Interface and Software Development Kit for Aadhar Enabled Payment Services ("AEPS")/Micro ATM/Domestic Money Transfer/Cash Management Services transactions. These API's are used by Banks different Partners to integrate and initiate transactions from their own platform.

##### c. Extending Current Account Saving Account

- i. Implementation of subscription base products
- ii. The Bank is implementing VKYC base merchant/customer on-boarding.
- iii. CASA+, this is an auto sweep extended account in Partner bank.

##### d. Analytics

After rollout of SAS, the Bank has now extended the same to profiling customer as well as merchants. This will enhance product offering to customer and performance of Merchants. The Bank's endeavors to enhance it further for cross sell.

##### e. Other systems implemented

The Bank is implementing Gyankosh (Knowledge Management System), ChatBot, Inventory system & Customer Relationship Management. The Bank's system has integrated with claverTap to extend its communication with merchant and customer. Rewards points and readmission system for merchant. RPA - Automation implemented for Cashin and account Data Verification Unit activity.

#### ii. Self-Channels

With Digital focus the Bank is working on implementing self-channels to enhance user experience and convince.

##### a. Cash Bazar

Considering a cash demand and shortage in the field, the Bank has implemented "On-Demand" cash platform for rural area.

##### b. Multilingual

To increase usability, the Bank has upgraded Fino-pay platform with "Hindi" support. Going ahead it can be extended to other regional languages.

#### iii. Application Security

The Bank has further enhanced security for applications so as to reduce frauds implemented below security patches to applications.

- Strengthening security of applications
- Implementing EMV certification on all acquiring devices so as to support chip based transactions.
- Dynamic key implementation
- Secured Socket Layer pinning

### B. Future Readiness

Considering future load of transactions, the Bank is continuously taking steps to improve scaling capacity of its applications. Below approach is followed to achieve the same:

- Benchmarking existing application capacity by doing load testing.
- Reducing transaction hops to implement straight through transaction processing for HIGH throughput transactions.
- Segregating critical transactions from non-financial ones so as to create a control based on priority of transactions.
- Enhancing process so as to reduce TAT on transactions like 15-minute account activation.



## 1. 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.

## 2. Production systems

Periodic reviews of Servers, Storage and Networks and implement the required augmentation of capacities (CPU, Memory, Storage).

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 primarily using CBS (Core Banking system) provided by "FIS" (FIS Payments and Solutions India Private Limited).
- b. For digital signing of documents, the Bank is using digital signing system.
- c. DMS (Document Management Server) workflows are implemented using robotic process automation.

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

## D. Foreign Exchange Earnings and Outgo

During the year under review, there was no foreign exchange earnings, however there was a foreign exchange outgo of ₹4.68 crores.

## RISK MANAGEMENT

Your Bank being a Payments Bank is required to largely follow/implement directives issued by RBI for scheduled commercial banks in addition to those forming part of the operating guidelines meant for Payments Banks. Accordingly, the Bank has adopted risk management process to identify, assess, monitor and manage risks in its day to day activities/functions through the effective use of processes, information, and technology.

The Risk Management Process is monitored under Risk Management Policies and the delegation matrix as approved by the Board. The Board is supported by management team, Board Committees and Board Delegated Executive Level Committees as part of the Risk Governance Framework. The Board has an oversight of the management's efforts to balance growth and prudent risk management, while creating value for stakeholders.

Pursuant to RBI Regulations, the Bank has constituted a Risk and Asset Liability Management Committee of the Board ("RALM") and as mandated by the regulatory provisions, the Bank has appointed Chief Risk Officer, who administers the risk associated key verticals through dedicated divisions i.e., Market Risk, Operational Risk, Fraud Risk and other Risks under the aegis of the Board approved risk management policies and in accordance with the approval and responsibility delegation matrix.

The details of the RALM Committee and its terms of reference are disclosed in the Corporate Governance Report annexed to the Board's Report.

The risk management framework within the Bank is a layered structure and broadly consists of the following aspects for effective risk management across the Bank:

### a) Operational Risk Management

Your Bank is exposed to significant operational risk (for instance, risks arising due to use of technology, introduction of new products/services, processes, channels like mobile, internet banking, cash handling, etc.). Bank's operational risk management policies provides guidance on operational risk management issues and serves as a one-point reference and creates awareness among all employees within the Bank. The policies set out the broad parameters for identification of various operational risks that the Bank is exposed to, on an on-going basis and also to put in place systems and procedures to mitigate such risks.

For the effective management of operational risk, the Bank has constituted Operational Risk Management Committee (ORMC), an Executive Committee that supports the RALM. The main functions of the ORMC are to monitor and ensure appropriateness of operational risk management and recommend suitable control measures for mitigating the same besides monitoring thereof.

Your Bank also outsources certain functions / activities to third-parties subject to compliance with RBI guidelines. These functions/activities and associated issues are being overseen by the Outsourcing Committee, an Executive Committee that supports the RALM.

### b) Market Risk, Liquidity and Asset Liability Management

Your Bank is significantly exposed to Market risk, i.e. possibility of loss caused by changes in the market variables in addition to liquidity and mismatches in asset liability. Your Bank has put in place a Board approved Market Risk Management, ALCO & Investment policies aligned with RBI regulations and operating guidelines governing Payment Banks and Executive level Committees, viz. Investment and Market Risk Committee and ALCO, that supports the RALM in dealing with the day to day affairs, associated issues/concerns, if any, in a comprehensive manner.

### c) IT Risk Management

The Bank has put adequate perimeter level security protection devices, internal data protection solutions, 24x7 monitored Security Operations Centre (SOC). However the cyber threats are evolving and various types of attacks are executed. Many of these attacks are called 'Zero Day' attack and many new variants of malware attacks. Any of the new variant attack may impact the network or data protection. Further, the Bank has pool of technical resources, which is prone to attrition. To mitigate that the Bank has set of hiring and training process with multiple technology streams.

### (d) Reputation Risk Management

Your Bank, as part of Internal Capital Adequacy Assessment Process under Pillar 2 of Basel, has identified Reputation Risk as one of the Pillar 2 risks and evaluated it in terms of its sources, risk level and mitigation in place.

### (e) Compliance Risk Management

The compliance risk is the risk of failure (or perceived failure) by the Bank to comply with applicable laws, regulations, guidelines and standards, leading to damage to the reputation of the Bank, legal or regulatory sanctions, or financial loss. Your Bank has a Compliance Policy to ensure the highest standards of compliance. A dedicated team of subject matter experts works to ensure active compliance risk management and monitoring. The team also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorously testing products and also putting in place robust internal policies. Internal policies are reviewed and updated periodically as per agreed frequency or based on market actions or regulatory guidelines/actions.

## CORPORATE SOCIAL RESPONSIBILITY

The Bank has in place a CSR policy and constituted Corporate Social Responsibility Committee in accordance with the provisions of Section 135 of the Act read with rules framed thereunder and Scheduled VII to the Act. The CSR policy outlines the Bank's philosophy to play a positive role in the community at large and consider the environmental and social impact of business decisions in which it operates.

The key areas identified by the Banks includes eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water, promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

The Annual Report on CSR activities as prescribed under the Act and rules framed thereunder is annexed as **Annexure - II** to the Board's Report.

The details of the CSR Committee and its terms of reference are disclosed in the Corporate Governance Report annexed to the Board's Report.

The CSR Policy is made available Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661756940\\_csrpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661756940_csrpolicy.pdf)

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

The Bank has formulated and adopted a Policy on Prevention of Sexual Harassment of Women at workplace. The Bank has complied with the provisions relating to the constitution of Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The information relating to complaints received and redressed during fiscal 2022 is provided in the Report on Corporate Governance, which forms part of this Annual Report.

## SUBSIDIARY & ASSOCIATE COMPANIES

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                  | Public Limited Company |

## ANNUAL RETURN

In accordance with the provision of Section 92 (3) of the Act, the Annual Return in the prescribed form MGT-7 is uploaded on website of the Bank [www.finobank.com](http://www.finobank.com).

## CORPORATE GOVERNANCE

The Bank's activities are carried out in accordance with good Corporate Governance practices and the Bank is constantly striving to make them better with time. The Bank believes that Governance framework and good practices helps in creating right culture and in turn enhances long-term sustainable value for all its stakeholders. Bank adheres to the Corporate Governance requirements set out by the SEBI/MCA/RBI. The Corporate Governance Report for financial year 2021-22 along with a certificate issued by M/s. DM & Associates Company Secretaries LLP, Company Secretaries confirming the compliance to applicable requirements related to Corporate Governance as stipulated under the SEBI Listing Regulations is annexed to the Board's Report.

## BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility Report describing the initiatives taken by the Bank from an Environmental, Social and Governance is presented in a separate section which forms an integral part of this Report.

## COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Bank has complied with the applicable Secretarial Standard on meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

## STATUS OF IND AS IMPLEMENTATION

As per RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated 11<sup>th</sup> February 2016 Implementation of Indian Accounting Standards (Ind AS), Banks are advised that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the Reserve Bank in this regard. Banks in India currently prepare their financial statements as per the guidelines issued by RBI, the Accounting Standards notified under section 133 of the Act and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard.

## PARTICULARS OF EMPLOYEES

The information in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure - III**.

Further, the statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an Annexure and forms part of this report. In terms of Section 136(1) of the Act, the Annual Report and the Financial Statements are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank.

## KEY MANAGERIAL PERSONNEL

As on the date of this report, the following officials of the Bank are the 'Key Managerial Personnel' pursuant to the provisions of Section 203 of the Act:

**Mr. Rishi Gupta**  
Managing Director & CEO

**Mr. Ketan Merchant**  
Chief Financial Officer

**Mr. Basavraj Loni**  
Company Secretary and Compliance Officer - Head Legal

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of the SEBI Listing Regulations is presented in a separate section which forms an integral part of this Report.

## VIGIL MECHANISM/WHISTLE BLOWER

The Bank has implemented a Whistle Blower Policy in compliance with the provisions of the Act and SEBI Listing Regulations. Pursuant to this policy, the Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of Fino Payments Bank's Code of Conduct, employee misconduct, fraud, illegal unethical imprudent behaviour, leakage of Unpublished Price Sensitive Information, corruption, safety and misappropriation or misuse of Bank funds/assets etc.

Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower to those who avail such mechanism and also provides for direct access to the Chairman of the Audit Committee.

The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. None of the Whistle Blowers has been denied access to the Audit Committee. The Whistle Blower Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755269\\_10vigilanceandwhistleblowerpolicye.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755269_10vigilanceandwhistleblowerpolicye.pdf)

## REPORTING OF FRAUDS

During year under review, pursuant to Section 143(12) of the Act, neither the Statutory Central Auditors nor the Secretarial Auditor of the Bank has reported any instances of fraud committed in the Bank by its officers or its employees.

## INTERNAL AUDITOR

As per the provisions 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.

## 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 REGULATORS OR COURTS OR TRIBUNALS

During the year under review, no material orders have been passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Bank and its future operations.

The Bank has not made any application under the Insolvency and Bankruptcy Code, 2016 and no proceeding is pending under the said Code.

Further, no one time settlement was done with any Bank/ Financial Institution with respect to loans taken by the Bank, hence disclosure on the difference between amount of the valuation done at the time of one time settlement and the valuation done while taking such loans is not applicable.

## ACKNOWLEDGEMENT AND APPRECIATION

The Board of Directors of your Bank would like to place on record its sincere gratitude for the guidance and co-operation received from the Reserve Bank of India, Ministry of Corporate Affairs, Securities Exchange Board of India, Stock Exchanges, Depositories and other statutory and regulatory authorities and thanks all the stakeholders of the Bank including the investors, customers, merchants, partners, bankers, shareholders, vendors, Registrars and all other valued partners for their continued support. The Board would like to express its appreciation for the sincere and dedicated efforts put in by all the employees of the Bank at all levels during the challenging situation faced during the year and look forward to their continued contribution in building this Bank into a great institution. The Board also would like to place on record its sincere gratitude for the humongous support and guidance received from all intermediaries for making the IPO successful.

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

**Date** : July 27, 2022

**Place** : Navi Mumbai

**Suresh Kumar Jain**  
Independent Director  
DIN: 05103064

**Rishi Gupta**  
Managing Director & CEO  
DIN: 01433190

**Form No. MR-3**  
**Secretarial Audit Report**  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]  
**For the Financial Year Ended March 31, 2022**

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

Dear Members,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fino Payments Bank Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - c. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
  - e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
6. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI') **were not applicable** to the Company under the financial year under report: -
  - a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - b. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - d. 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.

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. For tax laws we have relied on the Audit report issued by the Statutory Auditors.

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 and The Reserve Bank of India Act, 1934, Master Circulars, Notifications and Guidelines and other directions pertaining to scheduled commercial payments bank issued by the Reserve Bank of India (RBI) from time to time;
2. The Payment and Settlement Act, 2007 read with all the Master Directions issued by the RBI in this regard;
3. Prevention of Money-Laundering Act, 2002; and
4. Deposit Insurance and Credit Guarantee Corporation Act, 1961.

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 BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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**

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, 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 for meetings convened under shorter notice were in compliance with section 173(3) of the Companies Act, 2013 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.

All 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 following specific events took place:

1. In terms of the special resolution passed by the Members at their Extra Ordinary General Meeting held on October 12, 2021, the IPO Committee of the Board of Directors at its meeting held on November 09, 2021 approved the allotment and listing of 51,99,306 equity shares, through stock exchange mechanism as part of its Initial Public Offering (IPO). The IPO also included offer for sale of 1,56,02,999 equity shares by its Holding Company- Fino Paytech Limited resulting the total IPO of 2,08,02,305 equity shares. The Company received trading approval from BSE Limited and National Stock Exchange of India Limited on November 11, 2021 and the entire fully paid-up 8,32,14,302 equity shares were listed on BSE Limited and National Stock Exchange of India Limited on November 12, 2021.
2. The Members at their Extra Ordinary General Meeting held on July 24, 2021 by passing special resolution approved the enhancement of Investment Limits for Non-Resident Indians and Overseas Citizens of India from existing 10% to 24% for Initial Public Offering of equity shares.
3. The Members at their Extra Ordinary General Meeting held on July 22, 2021:
  - a. Approved the issue and allotment of Bonus Shares to its existing shareholders in the ratio of 1: 0.75 by passing ordinary resolution.  
Accordingly, the Committee of Directors (Operations) of the Board of Directors at its meeting held on July 22, 2021 allotted 3,34,34,999 equity shares as Bonus Shares to its existing shareholders i.e., Fino Paytech Limited including its nominees in the ratio of 1: 0.75;
  - b. Adopted new set of Articles of Association by passing special resolution.
  - c. Changed the place of keeping its Register of Members by changing its Registrar and Share transfer agent from Adroit Corporate Services Private Limited to KFinTech Technologies Limited (Formerly known as KFinTech Technologies Private Limited) by passing special resolution.

The Members at its Extra Ordinary General Meeting held on May 17, 2021 by passing special resolution approved the "Fino Payments Bank Limited- Employees Stock Option Policy, 2020" (ESOP 2020) and to create, offer, grant, issue and allot to the employees of the Bank from time to time upto 9,60,000 ESOPs, in one or more tranches, as per the ESOP 2020 (as amended by the Members at their Extra Ordinary General Meeting held on July 24, 2021 and October 12, 2021 respectively).

**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: F005683D000557146**

Place: Mumbai  
Date: July 04, 2022

**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.**

To  
The Members,  
**FINO PAYMENTS BANK LIMITED**  
Mindspace Juinagar, 8<sup>th</sup> 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 provides 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: F005683D000557146**

Place: Mumbai  
Date: July 04, 2022



# Annual Report on Corporate Social Responsibility for Financial Year 2021-22

[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended]

## 1. Brief outline on CSR Policy of the Bank

The Company is vigilant about its Corporate Social Responsibility ('CSR') obligations. In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Bank has a CSR Committee and Board approved CSR policy to provide guidelines for carrying out CSR activities. The objective of the Bank's CSR initiatives is given below:

- eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water; and
- promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.

## 2. Composition of CSR Committee

| Sl. No | Name of Director                        | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|--------|-----------------------------------------|--------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| 1.     | Mrs. Deena Mehta <sup>1</sup>           | Chairperson, Independent Director    | -                                                        | -                                                            |
| 2.     | Mr. Avijit Saha                         | Member, Nominee Director             | 1                                                        | 0                                                            |
| 3.     | Mr. Rishi Gupta <sup>2</sup>            | Member, Managing Director & CEO      | -                                                        | -                                                            |
| 4.     | Mr. Mahendra Kumar Chouhan <sup>3</sup> | Member, Independent Director         | 1                                                        | 1                                                            |
| 5.     | Dr. Punita Kumar Sinha <sup>4</sup>     | Member, Independent Director         | 1                                                        | 1                                                            |

1 Mrs. Deena Mehta was inducted as the Chairperson and Member of the CSR Committee w.e.f. January 3, 2022.

2 Mr. Rishi Gupta was inducted as a Member of the CSR Committee w.e.f. May 12, 2022.

3 Mr. Mahendra Kumar Chouhan ceased to be the Chairperson and Member of the CSR Committee w.e.f. December 15, 2021.

4 Dr. Punita Kumar Sinha ceased to be Member of the CSR Committee w.e.f. May 1, 2022.

## 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:

<https://www.finobank.com>

## 4. Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Since the Bank has incurred an average loss of ₹22.54 crores for three immediately preceding years, it was not required to spend any amount towards CSR during the financial year 2021-22, therefore, no projects undertaken or completed for which the impact assessment report is applicable.

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

| Sl. No | Financial Year | Amount available for set-off from preceeding financial years (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------|----------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| •      | 2021-22        | NA                                                                  | NA                                                                  |

## 6. Average net profit of the company as per section 135(5): (₹22.54) Crore.

7. (a) Two percent of average net profit of the company as per section 135(5): NA  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NA  
 (c) Amount required to be set off for the financial year, if any: NA  
 (d) Total CSR obligation for the financial year (7a+7b-7c): NA

## 8. (a) CSR amount spent or unspent for the financial year:

| Total Amount Spent for the Financial Year (₹ crore) | Amount unspent                                                        |                  |                                                                                                     |        |                  |
|-----------------------------------------------------|-----------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------|--------|------------------|
|                                                     | Total Amount transferred to Unspent CSR Account as per Section 135(6) |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) |        |                  |
|                                                     | Amount                                                                | Date of transfer | Name of the fund                                                                                    | Amount | Date of transfer |
| NA                                                  | NA                                                                    | NA               | NA                                                                                                  | NA     | NA               |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| 1      | 2                   | 3                                                            | 4                    | 5                       |          | 6                | 7                                           | 8                                                     | 9                                                                                   | 10                                      | 11                                                   |                         |
|--------|---------------------|--------------------------------------------------------------|----------------------|-------------------------|----------|------------------|---------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------|------------------------------------------------------|-------------------------|
| Sl.NO. | Name of the project | Item from the list of activities In schedule VII to the act. | Local area (Yes/ No) | Location of the project |          | Project duration | Amount Allocated for the Project (Rs crore) | Amount spent in the current financial Year (Rs crore) | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs | Mode of Implementation -Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|        |                     |                                                              |                      | State                   | District |                  |                                             |                                                       |                                                                                     |                                         | Name                                                 | CSR Registration Number |
| 1      | NA                  | NA                                                           | NA                   | NA                      | NA       | NA               | NA                                          | NA                                                    | NA                                                                                  | NA                                      | NA                                                   | NA                      |

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

| 1      | 2                   | 3                                                            | 4                   | 5                       |          | 6                                        | 7                                       | 8                                                    |                         |
|--------|---------------------|--------------------------------------------------------------|---------------------|-------------------------|----------|------------------------------------------|-----------------------------------------|------------------------------------------------------|-------------------------|
| SI.NO. | Name of the project | Item from the list of activities In schedule VII to the act. | Local area (Yes/No) | Location of the project |          | Amount spent for the project (Rs crores) | Mode of Implementation -Direct (Yes/No) | Mode of Implementation - Through Implementing Agency |                         |
|        |                     |                                                              |                     | State                   | District |                                          |                                         | Name                                                 | CSR Registration Number |
| 1      | NA                  | NA                                                           | NA                  | NA                      | NA       | NA                                       | NA                                      | NA                                                   | NA                      |

9. (a) Details of Unspent CSR amount for the preceding three financial years: NA

| 1      | 2                         | 3                                                                    | 4                                                     | 5                                                                                         |                 |                  | 6                                                                    |
|--------|---------------------------|----------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------|------------------|----------------------------------------------------------------------|
| SI.NO. | Preceeding Financial Year | Amount transfer to Unspent CSR Account under Section 135(6) (in Rs.) | Amount spent in the reporting financial year (in Rs.) | Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any |                 |                  | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|        |                           |                                                                      |                                                       | Name of the fund                                                                          | Amount (in Rs.) | Date of transfer |                                                                      |
| 1      | NA                        | NA                                                                   | NA                                                    | NA                                                                                        | NA              | NA               | NA                                                                   |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

| 1      | 2          | 3                   | 4                                                 | 5                | 6                                                 | 7                                                                      | 8                                                                       | 9                                           |
|--------|------------|---------------------|---------------------------------------------------|------------------|---------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------|
| SI.NO. | Project ID | Name of the Project | Financial Year in which the project was commenced | Project duration | Total amount allocated for the Project (Rs crore) | Amount spent on the project in the reporting financial Year (Rs crore) | Cumulative amount spent at the end of reporting financial year (in Rs.) | Status of the project - Completed / Ongoing |
| 1      | NA         | NA                  | NA                                                | NA               | NA                                                | NA                                                                     | NA                                                                      | NA                                          |

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s): None
- (b) Amount of CSR spent for creation or acquisition of capital asset: NIL
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

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

Date : May 16, 2022  
Place : Navi Mumbai

Rishi Gupta  
Managing Director & CEO  
DIN: 01433190

Deena Mehta  
Independent Director  
DIN: 00168992

**DISCLOSURES ON REMUNERATION**

[Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**I. Ratio of the remuneration of each Director to the median remuneration of the employees of the Bank for the Financial Year 2021-22**

| Sr No | Name of Director                        | Designation                                 | Ratio   |
|-------|-----------------------------------------|---------------------------------------------|---------|
| 1     | Mr. Mahendra Kumar Chouhan <sup>1</sup> | Part-time Chairman and Independent Director | 17.63:1 |
| 2     | Mr. Suresh Kumar Jain                   | Independent Director                        | 15.15:1 |
| 3     | Dr. Punita Kumar-Sinha <sup>2</sup>     | Independent Director                        | 12.03:1 |
| 4     | Mrs. Deena Mehta                        | Independent Director                        | 10.79:1 |
| 5     | Mr. Rajat Kumar Jain                    | Independent Director                        | 9.23:1  |
| 6     | Mr. Avijit Saha                         | Nominee Director                            | NA      |
| 7     | Mr. P. S. Ravi                          | Nominee Director                            | NA      |
| 8     | Mr. Amit Jain <sup>3</sup>              | Nominee Director                            | NA      |
| 9     | Mr. Rishi Gupta <sup>4</sup>            | Managing Director & CEO                     | 81.33:1 |

1. Ceased to be Part-time Chairman and Independent Director of the Bank w.e.f. May 1, 2022 upon completion of his tenure.

2. Ceased to be Independent Director of the Bank w.e.f. May 1, 2022 upon completion of her tenure.

3. Resigned with effect from May 25, 2021.

4. In case of the Managing Director & CEO, the Bank has considered the annualised fixed pay for the computation of ratios. Fixed pay includes - salary, allowances, retiral benefits as well as value of perquisites as approved by the Reserve Bank of India. Variable Pay has been excluded from the same. For the Directors other than the Managing Director & CEO, the actual remuneration paid by way of sitting fees during the year 2021-22 has been considered while calculating the ratio of remuneration to the median employees' remuneration.

The Bank didn't pay any remuneration to Non-Executive Non Independent Directors.

**II. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the FY 2021-22**

| Sr No | Name of Director/KMP | Designation             | Ratio |
|-------|----------------------|-------------------------|-------|
| 1     | Mr. Ketan Merchant   | Chief Financial Officer | 20%   |
| 2     | Mr. Rishi Gupta*     | Managing Director & CEO | Nil   |
| 3     | Mr. Basavraj Loni    | Company Secretary       | 11%   |

\*As per the salary review approval process of the Reserve Bank of India, the salary increment proposal to be effected from April 01 in a given financial year can only be made in the subsequent financial year post assessment of performance for the reference financial year. For e.g. salary increment proposal to be made to the RBI effective April 01, 2020 can only be made post assessment of performance for the financial year 2020 - 2021. The approval received from the RBI will therefore be retrospectively applied from April 01, 2020. Therefore, due to this process, the salary increase given in the particular year will always be reported as zero.

**III. Percentage increase in the median Remuneration of employees in the Financial Year 2021-22**

The median remuneration of the employees of Fino Payments Bank Limited increased by 13% in the financial year.

**IV. Number of Permanent employees on the rolls of the Company as on March 31, 2022**

There were 2893 permanent employees on the rolls of Bank as on March 31, 2022.

**V. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year i.e. 2021-22 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration**

Average percentage increase for employees including Managerial Personnel for the financial year is 8.57%.

Average percentage increase for employees other than the Managerial Personnel for the financial year is 8.54%.

The average increase in the remuneration of employees compared to increase in remuneration of market personnel is in line with the market bench mark study.

**VI. Affirmation that the remuneration is as per the Remuneration Policy of the Company**

The Bank affirms that the remuneration is as per the remuneration policy of the Bank, as applicable.

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

**Date:** July 27, 2022

**Place:** Navi Mumbai

**Suresh Kumar Jain**

Independent Director

DIN: 05103064

**Rishi Gupta**

Managing Director & CEO

DIN: 01433190

# Management Discussion and Analysis

Payments Banks are regulated entities operating in the larger fintech and payments space. Their main objective is to widen access of payments and deposit facilities to small businesses, low-income households, migrant workers and other unorganized entities by enabling high volume low value transactions. In order to confine its activities within the gamut of objectives for which it was incepted, payments banks are allowed to set up its own branches, ATMs and business correspondents.

These entities are allowed to accept non-NRI demand deposits, issue ATM/debit cards/PPIs, offer remittance services (including cross-border remittance) and internet banking services, act as a business correspondent to other banks, facilitate utility bill payments and undertake non-risk sharing simple financial services.

Given that the primary role is to offer payments, remittance and harmonize bank account access, the maximum account balance of customers was initially restricted to ₹100,000 at the end of the day. This was subsequently raised to ₹200,000 by the regulator in April 2021.

In addition, these banks have not been allowed to lend and in order to earn yields to pay off interest to savings account holders, 75% of the demand deposit balances can be invested in Government securities/ treasury bills with maturity up to one year and the remaining 25% of the demand deposit balances should be in current and time/ fixed deposit instruments with other scheduled commercial banks for operational and liquidity purposes. The investments in Government securities or treasury bills with one year maturity will be recognized by RBI as eligible securities for maintaining the Statutory Liquidity Ratio (SLR).

Within the regulatory contours, payments banks have been able to set up a vast network of banking points either through an own business correspondent channel or by leveraging any existing branch infrastructure of parent or core business, if any. Fino Payments Bank, for instance, has set up more than 1 million banking points pan-India. The RBI has also come out very recently with guidelines for digital banking units wherein only the Universal and Small Finance Banks have been permitted to undertake the initiatives. The framework essentially entails a structure that some of the larger payments banks like Fino have been operating on.

## Opportunities and threats

According to the Global Findex report published by World Bank, nearly 78% of India's population above 15 years of age has a bank account. But the findings of the report highlight some interesting insights on the usage trends of bank accounts in India:

- Of the total population above 15 years of age, only 9% deposited money into an account with a financial institution twice or more than that in a month
- Of the pool above 15 years of age that had deposited money in a bank account, only 41% deposited twice or more than that in a month
- Only 27% above the age of 15 years owned a debit card and out of that, only 12% used the card
- Only 16% of the population above the age of 15 years used a mobile phone or internet banking to check account balance
- In the credit card segment, only 5% above the age of 15 years owned a credit card

The biggest opportunity for Fino Payments Bank is not just in extending widespread access of bank accounts. It is already evident that penetration of bank accounts in India is fairly ubiquitous. But the larger opportunity is to promote everyday banking in these customer segments. The above data point suggests that merely opening a bank account doesn't necessarily promote a 'banking behavior' among the masses.



Financial institutions need to tailor products and services for this segment of customers. Fino Payments Bank has taken a lead by making financial services not only accessible but affordable as well. The Bank has been capitalizing on the surge in smoother internet connectivity and deeper smartphone penetration across the country. With more customized products and better access, it is easier to reach out to the last mile customers through more efficient channels and with a larger suite of products.

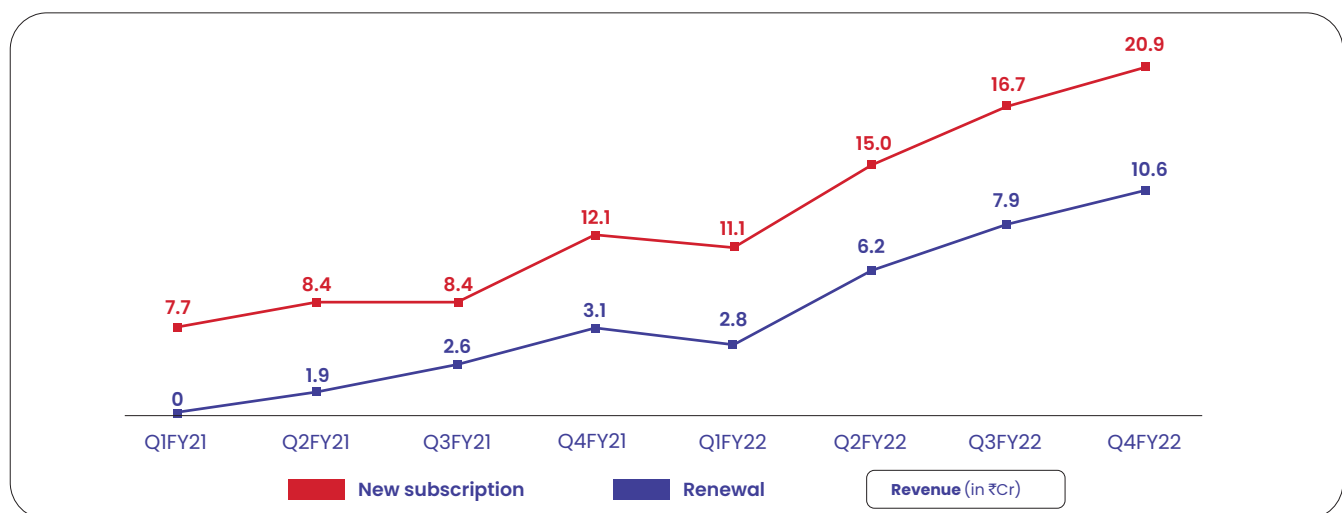
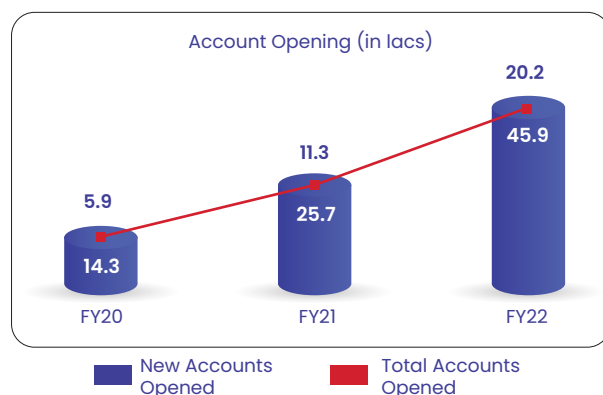
Fino Payments Bank operates in a fairly commoditized environment. The products and services are standardized (largely payment services) or have limited attributes (simple, no frill banking). This a fundamental threat to the business model. Importantly not being allowed to lend due to regulatory reasons does constitute a threat to the organization.

The orientation of the business model with its emphasis on Distribution - Technology- Partnerships plays a big role in mitigating this risk. Over the last few years Fino Payments Bank has been building brand name for itself. The strength of the brand makes it easier for the ecosystem to recall and hence prefer Fino. By reinforcing the merchant’s status as a banker to the local ecosystem and establishing that Fino is **#FikarNot** we are driving preference for the brand. **#Hamesha**.

## Segment-wise or product-wise performance

Sharing insights on how our key products have performed over the last few quarters. This will give you an insight into the progress made by the bank and how predictable the business has started to become CASA focussed.

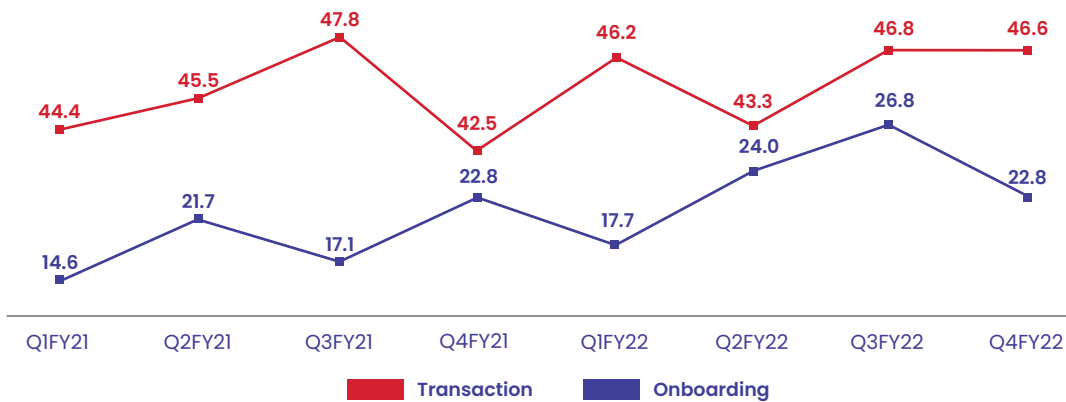
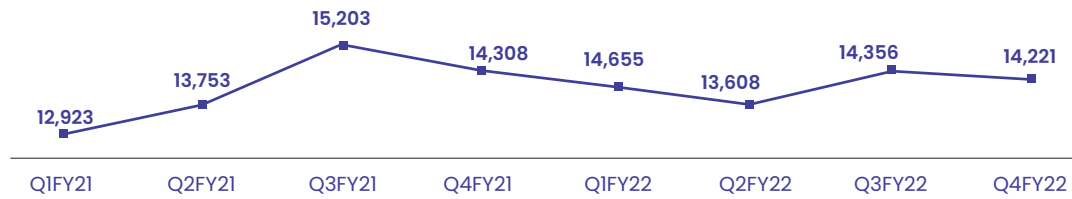
**CASA** - This is a focus business for us as it lays the foundations for customer ownership. The product proposition of a **Hatho Hath Debit Card** and **Bharosa** on the nearby Fino Merchant Point plays a key role here. Importantly the visibility of Fino Payments Bank on government schemes (MNREGA etc.) creates a great hook.



Consistent CASA sourcing and consistently getting better profile consumers also drives our Subscription Revenues (renewal of the bank account and hence relationship with Fino). Investments in self-learning ML models have been paying dividends.

**MATM -AePS** - A part of our transactional business. Access to cash for withdrawal is a key banking need and we have been addressing it across 90%+ districts across the country. This is often a consumers first interaction with us.

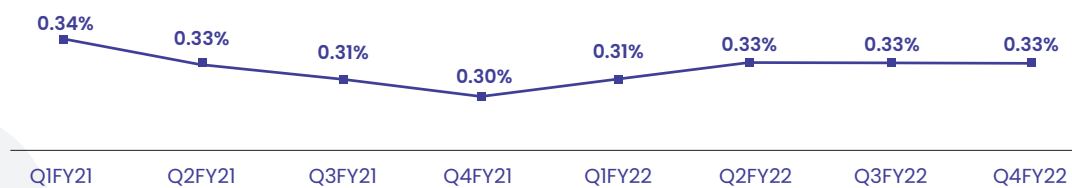
### Throughput (in ₹Cr)



### Revenue (in ₹Cr)

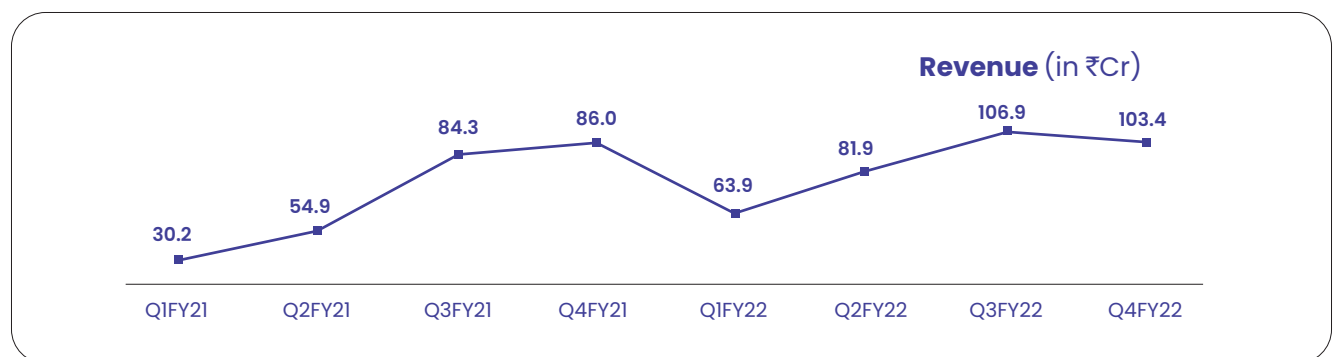
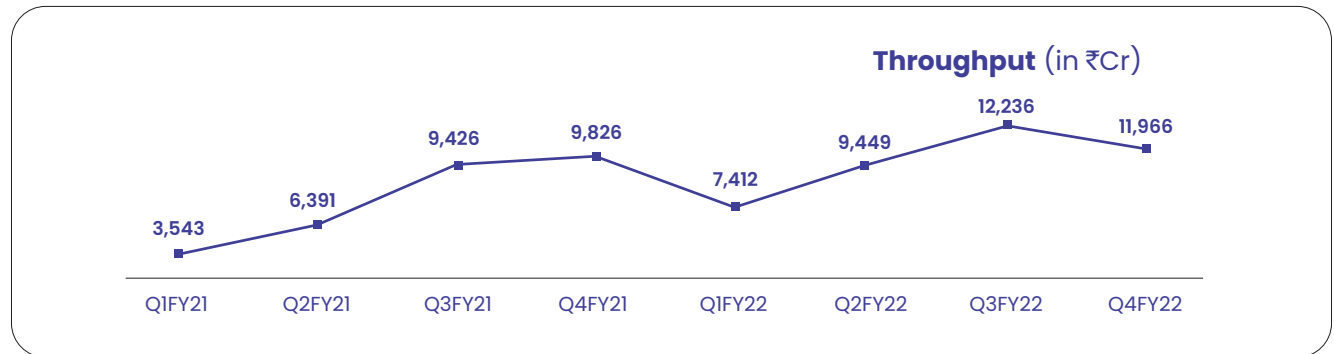
Importantly the merchant pays a fee to own the device (onboarding fee), this improves the stickiness of the relationship and has a very positive impact on the P&L.

### Take Rates

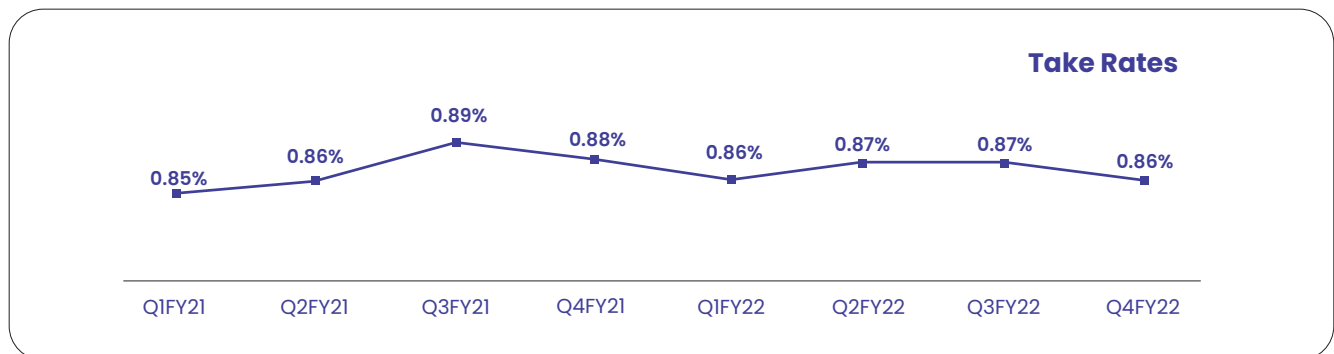


Very consistent take rates in spite of competitive pressures.  
We see ~1% of all footfalls for micro ATM, AePS convert to CASA.

**Domestic Money Transfer** - This was a fundamental product when the bank launched in 2017. And it laid the foundation for the initial distribution (focused on remittance corridors e.g. South Gujarat to Bihar).

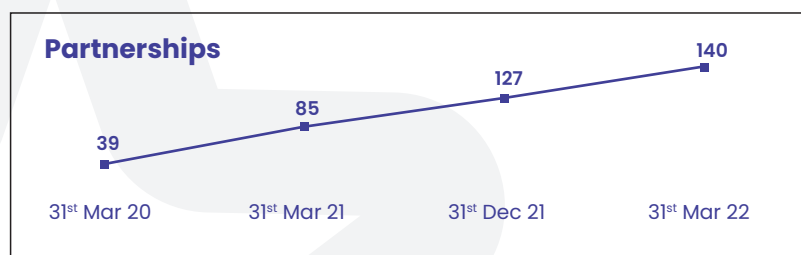


Covid lockdowns severely impacted the DMT business. But we have since recovered.

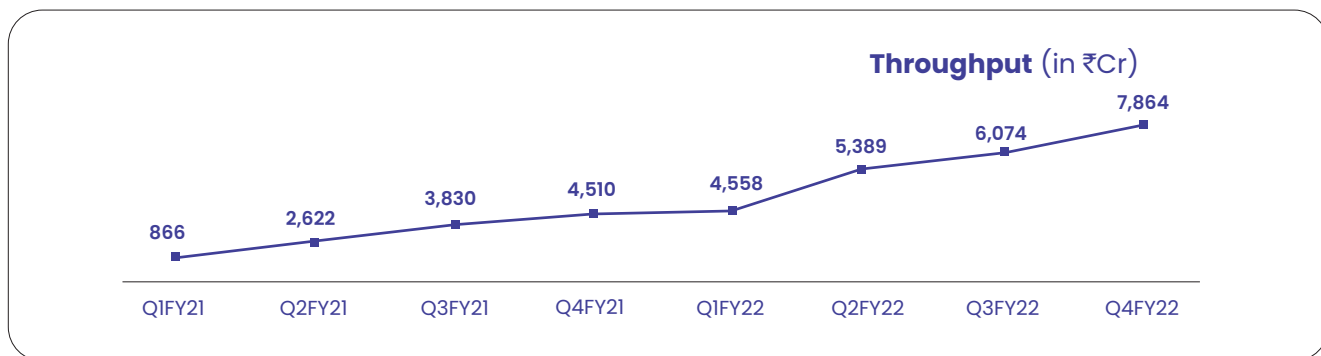


The take rates have been consistent in what is a fairly price sensitive market.

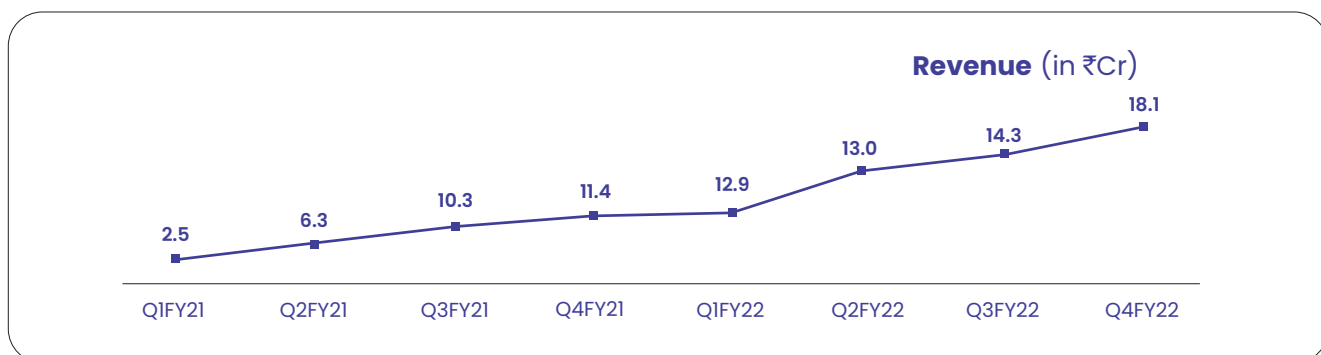
**Cash Management Services** - This is the partnership business which makes cash available across the Fintech ecosystem for consumers to walk in and withdraw.



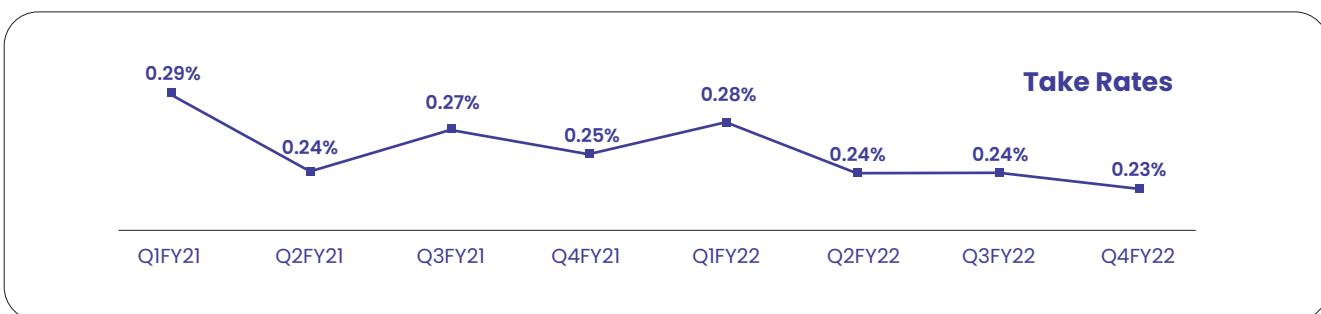
We now work with 140 of India's leading corporates across NBFC, Ecom, and Logistics etc. and help them manage their cash risk. This is eco system play at it's best - it benefits the partners, the merchant ecosystem and the end consumers, thus creating win win outcomes.



A growing throughput plays a big role in driving profitability for the bank.



The revenue has been steadily rising on the back of strong take rates in a hyper competitive market.



With the margins being consistent at 45-43%, CMS is now delivering significant net revenue.

Most critically it keeps the ecosystem going!

We also offer banking services on behalf of other banks. It contributes to ~15% of the bank's total revenue.

## Outlook

The Bank's revenue grew by 28% year-on-year to ₹1,009 crores aided by a 41% year-on-year growth in overall transaction throughput value to ₹187,311 crores in FY22. Digital throughput value surged substantially by 325% year-on-year to be at nearly 10% of the overall throughput value in FY22. Excluding the digital throughput, the overall throughput grew by 31% year-on-year.

The Bank processed 670 million transactions in FY22, higher by 55% as compared to FY21. It also opened 2 million Fino Payments Bank current and savings accounts during the year, which is 79% more than the accounts opened in the previous year. The merchant enabled banking points crossed 1 million as on 31st March 2022, a jump by 59% year-on-year.

The highest growing businesses in FY22 were CASA and CMS that constituted 17.3% of overall revenue in FY22. Within CASA, revenue in the subscription and renewal business combined grew by 106% year-on-year in FY22 while the renewal business grew exponentially by four times. Throughput in CMS business grew by 102% year-on-year in FY22.

We expect the growth run rate to continue for CASA and CMS in FY23 as well. The other mature businesses like Domestic Money Transfer (DMT), Micro-ATM and AEPS will continue to grow in the range of 15-20%. At a blended portfolio level, we expect to grow at 25%. Net Revenue Margins are expected to remain range bound.

## Risks and concerns

The entire ecosystem of Fino Payments Bank is knitted on robust technology architecture. Starting from simplifying the banking platforms for the merchants to connecting different banking devices seamlessly to a mobile application, the revolution brought about has been substantial. The impact can be felt as customers even in the remotest corner can open a bank account and withdraw cash within minutes in their neighborhood alongside various other transactions.

However, the nature of technology is such that its biggest boon today can become a substantial disadvantage tomorrow. The entire technology works on multiple integrations and hence a number of moving pieces determine the overall success ratio of a transaction. Risks to technology are one of our biggest threats from a day-to-day operations perspective. We have an FRM in place and there is intense monitoring of transactions to detect anomalies. This allows us to course correct as relevant i.e. make changes to our apps, limits on transactions etc.

Outside of technology we address risks and concerns by

1. The Bank, being a payments bank, is subject to stringent regulatory requirements and prudential norms including CRR, SLR, DDB, TNW, CAR, etc. which are being followed and monitored on an on-going basis and confirmation to the effect of compliance is being placed before the Board constituted executive level committees besides to the Board at periodical intervals.
2. Bank's cash management within the Bank for its Branches and CSPs is the primary responsibility of the Bank while outside the Bank Merchant BCs/Distributors/CMS, etc.) is with the Merchants/ Distributors. Bank through its internal processes/policies have built-in adequate checks and balances to prevent frauds, misappropriation, theft, embezzlement, etc. Exceptions are being handled promptly for recovery of loss. Bank ensures regulatory reporting within time-line besides update to Operational Risk Management Committee and RALM.
3. Bank manages its financial outsourced vendors in line with regulatory guidelines forming part of Bank's Outsourcing Policy. Bank's Outsourcing Committee periodically reviews financial outsourced arrangements/vendors in a structured manner with appropriate reporting to RALM. All new engagements or renewal of the existing arrangements are subject to approval by the Outsourcing Committee.
4. Risk management functions within the Bank are divided on the basis of key risks typically faced by banks i.e., liquidity risk, interest rate risk, operational risk, cash management risk, information security and cyber risk and reputational risk. These risks in a structured manner are being evaluated and overseen by executive level committees before being placed to the Audit Committee, the Risk and Asset Liability Management Committee and IT Strategy Committee (supervises the IT security and cyber risk) of the Board. Exceptions/deviations/losses, etc. are monitored with the help of key risk indicators.

## REPORT ON CORPORATE GOVERNANCE

### Philosophy on Corporate Governance

The Bank believes that Corporate Governance provides a framework for attaining the Bank's objectives and encompasses practically every sphere of Management from action plans, internal controls, performance measurement, ethics and corporate disclosures. Good Corporate Governance helps to build trust with the investors, community at large and also helps in creating and enhancing long term sustainable value for all its stakeholders.

The Bank is committed to achieving and adhering to the highest standards of Corporate Governance and ethical practices and constantly benchmarks itself with best practices in the industry. The Bank's philosophy on Corporate Governance is, therefore, based on the core principles of Accountability and Responsibility, Integrity, Independence, Transparency, Fair and timely disclosures, Equality and Social Responsibility. The Bank places high emphasis on empowerment, integrity and diversity to generate long-term value for its stakeholders and to retain investor's trust. The governance processes and practices ensure that the interest of all stakeholders are taken into account in a balanced and transparent manner and are firmly embedded into the culture and ethos of the organisation.

The Bank's Corporate Governance philosophy has been strengthened through various policies and codes, which are regularly reviewed and updated on a regular basis to keep aligned with the applicable Regulations.

The Bank's Board consists of eminent professionals having wide industry experience, diversified skills, experience and expertise. The Board plays a crucial role in overseeing how the Management serves the short-term and long-term interests of various stakeholders and creates lasting value for all stakeholders.

The Bank is in compliance with the Corporate Governance requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), as applicable. A report on compliance with the Corporate Governance as stipulated in SEBI Listing Regulations, for the year ended March 31, 2022 (year under review) and developments up to the date of this report are given below.

### BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank ("**Board**") is governed by the provisions of the Companies Act, 2013 ("**Act**"), the Banking Regulation Act, 1949 and rules and regulations made by Reserve Bank of India ("**RBI Regulations**"), the SEBI Listing Regulations and other applicable laws. During the year under review, the Board of the Bank had an optimum combination of Executive and Non-Executive Directors with excellent knowledge and experience in various fields relating to the business activities of the Bank. The Board oversees the standards of Corporate Governance at the Bank.

### BOARD DIVERSITY

The Bank recognizes and embraces the importance of a diverse Board and is endowed with appropriate balance of skills, expertise, experience and perspectives thereby ensuring effective board governance. The Board has reviewed and adopted the Policy on Board Diversity, which sets out its approach to ensure diversity, and to enhance its effectiveness while discharging its fiduciary obligations towards the stakeholders of the Bank. The Policy on Board Diversity is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1662443059\\_PolicyonBoardDiversity.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1662443059_PolicyonBoardDiversity.pdf)

The composition of Board as on March 31, 2022 including updates as on the date of the report are as follow:

| Sr. No. | Category                | Name of Director                                                                                                                                                                                                                                                                                                            |
|---------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Independent Directors   | <ul style="list-style-type: none"><li>Mr. Mahendra Kumar Chouhan (Part-time Chairman and Independent Director)*</li><li>Dr. Punita Kumar-Sinha*</li><li>Mr. Suresh Kumar Jain</li><li>Mrs. Deena Asit Mehta</li><li>Mr. Rajat Kumar Jain</li><li>Mr. Prakash Kulathu Iyer#</li><li>Mr. Rakesh Bhartia<sup>§</sup></li></ul> |
| 2       | Non-Executive Directors | <ul style="list-style-type: none"><li>Mr. Avijit Saha (Nominee Director)</li><li>Mr. Ravi Subbaiah Pagadala (Nominee Director)</li></ul>                                                                                                                                                                                    |
| 3       | Executive Director      | <ul style="list-style-type: none"><li>Mr. Rishi Gupta (Managing Director and CEO)</li></ul>                                                                                                                                                                                                                                 |

\*Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenures.

#Appointed as an Additional Director in the capacity of Independent Director w.e.f. June 01, 2022.

§Appointed as an Additional Director in the capacity of Independent Director w.e.f. July 27, 2022.

### CHANGES IN THE BOARD

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Bank, Mr. Rishi Gupta, Managing Director & CEO of the Bank retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The resolution seeking his re-appointment along with his profile as required under regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 6th AGM Notice.

The Members at their AGM held on September 25, 2021 have approved the appointment of Mr. Rajat Kumar Jain as an Independent Director of the Bank for a period of five consecutive years commencing from November 02, 2020. Mr. Rajat Kumar Jain was earlier appointed as an Additional Director in the capacity of Independent Director of the Bank by the Board w.e.f. November 02, 2020.

In accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board appointed Mr. Prakash Kulathu Iyer as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from June 01, 2022 up to May 31, 2027 (both days inclusive), subject to approval of the Members. The Bank has initiated the process of seeking approval of Members on his aforesaid appointment as an Independent Director of the Bank for a term of five consecutive years commencing from June 01, 2022, through the Postal Ballot vide Postal Ballot Notice dated July 20, 2022. The result of the Postal Ballot will be announced on or before Tuesday, August 30, 2022.



In accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board appointed Mr. Rakesh Bhartia as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from July 27, 2022 up to July 26, 2027 (both days inclusive), subject to approval of the Members. The resolution seeking his appointment as an Independent Director of the Bank w.e.f. July 27, 2022 for a term of five consecutive years commencing from July 27, 2022 along with his profile as required under regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India forms part of 6th AGM Notice.

Further, in accordance with the provisions of the Act, SEBI Listing Regulations and RBI Regulations, the Board at its meeting held on July 27, 2022 approved the re-appointment of Mr. Rishi Gupta as Managing Director & CEO of the Bank for a period of three consecutive years with effect from May 02, 2023 up to May 01, 2026 (both days inclusive), subject to approval of the Members and RBI. The resolution seeking his re-appointment as Managing Director & CEO of the Bank for a term of three consecutive years commencing from May 02, 2023 along with his profile as required under regulation 36 of SEBI Listing Regulations and SS-2 forms part of 6th AGM Notice.

Mr. Amit Jain ceased to be a Nominee Director of the Bank w.e.f. May 25, 2021.

Mr. Mahendra Kumar Chouhan was appointed as an Independent Director of the Bank for a period of five (5) years with effect from May 02, 2017 and as a Part-time Chairman of the Bank for a period of three (3) years with effect from May 18, 2020. Mr. Mahendra Kumar Chouhan ceased to be Independent Director and Part-time Chairman of the Bank w.e.f. May 01, 2022 upon completion of his tenure.

Dr. Punita Kumar-Sinha was appointed as an Independent Director of the Bank for a period of five (5) years with effect from May 02, 2017. Dr. Punita Kumar-Sinha ceased to be Independent Director of the Bank w.e.f. May 01, 2022 upon completion of her tenure.

Details of Directorships, Memberships and Chairpersonships of the Committees of other Companies of the Directors of the Bank are as follows:

| Name of Director            | Directorships on the Board of other companies | Memberships/Chairpersonship of committees of other companies@ |
|-----------------------------|-----------------------------------------------|---------------------------------------------------------------|
| Mr. Mahendra Kumar Chouhan* | 5                                             | 1(1)                                                          |
| Mr. Suresh Kumar Jain       | 2                                             | 1(1)                                                          |
| Dr. Punita Kumar Sinha*     | 8                                             | 9(3)                                                          |
| Mrs. Deena Asit Mehta       | 4                                             | 2(1)                                                          |
| Mr. Rajat Kumar Jain        | 5                                             | 0                                                             |
| Mr. Prakash Kulathu Iyer#   | 3                                             | -                                                             |
| Mr. Rakesh Bhartia§         | 9                                             | 3(2)                                                          |
| Mr. Avijit Saha             | 1                                             | 0                                                             |
| Mr. Ravi Subbaiah Pagadala  | 0                                             | 0                                                             |
| Mr. Rishi Gupta             | 0                                             | 0                                                             |

@The figures in brackets indicate chairpersonships.

\*Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenures.

#Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. June 01, 2022.

§Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. July 27, 2022.

Note: For the purpose of considering the limit of the directorships all public limited companies (whether listed or not), private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 have been included. Further, chairpersonships / memberships of only Audit Committee and Stakeholders' Relationship Committee of public companies have been considered.

Pursuant to the SEBI Listing Regulations, none of the Directors on the Board is a member of more than ten (10) committees and chairperson of more than five (5) committees across all public companies in which he/she is a director. All the directors have made necessary disclosures regarding committee positions occupied by them in other companies.

None of the Directors are related to each other

#### DATABANK OF INDEPENDENT DIRECTORS

In terms of the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Bank are enrolled in the online databank of Independent Directors maintained by the Government.

#### PROFILE OF BOARD OF DIRECTORS

The profile of the Directors of the Bank is as under:

##### Mr. Mahendra Kumar Chouhan (Ceased w.e.f. May 1, 2022)

**Mr. Mahendra Kumar Chouhan** was a part time chairman and an independent director of the Bank. He holds a bachelor's degree in science and a master's degree in business administration from University of Indore. He also holds a certificate on Governing the Corporation: Global Perspectives in the Indian Context from the Wharton School, University of Pennsylvania, USA. He is a member of the International Integrated Reporting Council (IIRC), UK, Independent Appointment Committee of GRI, Amsterdam, Global Board of International Institute of Governance and Leadership, Amsterdam, and is a board member of IMC Chamber of Commerce & Industry. He holds a certificate from Global Corporate Governance Forum, IFC - World Bank Group, as trainer for the Board of Directors. He has previously served on policy making and regulatory committees such as SEBI Committee on Corporate Governance as well as the Ministry of Corporate Affairs Committee for the National Policy on Corporate Governance. He was also President of Bombay Management Association during 1999 - 2000. He has also served on the boards of a wide range of industries, such as financial services, capital goods, exposition, and housing. At present, he is a director of Mahendra & Ardneham Consulting Private Limited, a board advisory consulting company, and is a visiting faculty at Jamnalal Bajaj Institute of Management Studies.

Mr. Mahendra Kumar Chouhan is on the Board of the following public limited company (ies):

| Other Listed Public Limited Companies             | Other Public Limited Companies |
|---------------------------------------------------|--------------------------------|
| Nesco Limited (Independent Director)              | —                              |
| Allcargo Logistics Limited (Independent Director) |                                |

Mr. Mahendra Kumar Chouhan did not hold any shares in the Bank as on March 31, 2022.

**Mr. Suresh Kumar Jain**

**Mr. Suresh Kumar Jain** is an independent director in our Bank. He holds a bachelor's degree in Science (Honors), Master's in Economics, and Diploma in Personnel Management & Labour Welfare. He is a certified associate of the Indian Institute of Bankers. He has been a banker for over 36 years and was a General Manager on Bank of India. He was selected by Government of India as Executive Director of Union Bank of India and retired in May 2014. Besides his experience in domestic market he has experience in dealing in credit and foreign exchange, with stints in London and Hong Kong.

Mr. Suresh Kumar Jain is on the Board of the following public limited company (ies):

| Other Listed Public Limited Companies       | Other Public Limited Companies  |
|---------------------------------------------|---------------------------------|
| PC Jewellers Limited (Independent Director) | IFCI Factors Limited (Director) |

Mr. Suresh Kumar Jain does not hold any shares in the Bank as on March 31, 2022.

**Dr. Punita Kumar-Sinha** *(Ceased w.e.f. May 1, 2022)*

**Dr. Punita Kumar-Sinha** was an independent director in our Bank. She holds a bachelor's degree in chemical engineering from IIT Delhi, MBA (Finance) from Drexel University and Ph.D. from University of Pennsylvania. She is also a qualified CFA. She is the founder and managing partner of Pacific Paradigm Advisors, LLC and is also on the Board of Governors of the CFA Institute. Over the last decade, she has served as an Independent Director and Chair of many Board committees for several companies in India including Infosys, JSW Steel, Rallis, Jagran and Lupin Limited. She has experience in investment management and financial markets. Previously she has worked as a senior managing director of Blackstone - Asia Advisory Group.

Dr. Punita Kumar-Sinha is on the Board of the following public limited company (ies):

| Other Listed Public Limited Companies       | Other Public Limited Companies                          |
|---------------------------------------------|---------------------------------------------------------|
| Rallis India Limited (Independent Director) | Mahindra Intertrade Limited (Independent Director)      |
| Lupin Limited (Independent Director)        | One Mobikwik Systems Limited (Independent Director)     |
| JSW Steels Limited (Independent Director)   | Classic legends Private Limited* (Independent Director) |

\*Deemed to be a Public Limited Company.

Dr. Punita Kumar-Sinha did not hold—any shares in the Bank as on March 31, 2022.

**Mrs. Deena Asit Mehta**

**Mrs. Deena Asit Mehta** is an independent director in our Bank. She holds a bachelor's degree in commerce and a master's degree in management studies. She is also a qualified chartered accountant and a member of ICAI. She has also completed a Post Graduate Diploma Course in securities law from Government Law College, Mumbai. She was a director and also served as acting president of BSE Limited. She was also a director of Central Depository Services Limited. At present she holds the position of director of Asit C. Mehta Investment Intermediaries Limited. She is also a fellow at Securities and Investment Institute.

Mrs. Deena Asit Mehta is on the Board of the following public limited company(ies):

| Other Listed Public Limited Companies                            | Other Public Limited Companies                                         |
|------------------------------------------------------------------|------------------------------------------------------------------------|
| Asit C Mehta Financial Services Limited (Non-Executive Director) | Reliance Asset Reconstruction Company Limited (Non-Executive Director) |
| —                                                                | Asit C Mehta Investment Intermediaries Limited (Managing Director)     |

Mrs. Deena Asit Mehta does not hold any shares in the Bank as on March 31, 2022.

**Mr. Rajat Kumar Jain**

**Mr. Rajat Kumar Jain** is an independent director in our Bank. He is an alumnus of IIT Delhi and IIM Ahmedabad. He has several years of experience in helming various leadership roles in sectors across Consumer, Telecom, Media & Technology in India. He is the Founder Director of PadUp Ventures. He also serves as non-executive director on several boards and advisory boards.

Mr. Rajat Kumar Jain is on the Board of the following public limited company (ies):

| Other Listed Public Limited Companies | Other Public Limited Companies              |
|---------------------------------------|---------------------------------------------|
| —                                     | Droom Technology Limited (Director)         |
|                                       | Neva Garments Limited (Whole-time Director) |

Mr. Rajat Kumar Jain does not hold any shares in the Bank as on March 31, 2022.

**Mr. Avijit Saha**

**Mr. Avijit Saha** is a nominee director in our Bank. He holds a bachelor's degree in electronics and telecommunication engineering from University of Calcutta and a post graduate diploma in management from Indian Institute of Management Society, Lucknow. He has previously worked with Operations Research Group and ICI Paints. He has been working with ICICI Bank for nearly 15 years. He has been part of ICICI Bank's SMEG, phone banking, branch banking and rural and inclusive banking teams and at present he is the Head -Rural and Inclusive Banking at ICICI Bank.

Mr. Avijit Saha is on the Board of the following public limited company(ies):

| Other Listed Public Limited Companies | Other Public Limited Companies                   |
|---------------------------------------|--------------------------------------------------|
| —                                     | National E-Repository Limited (Nominee Director) |

Mr. Avijit Saha does not hold any shares in the Bank as on March 31, 2022.

#### Mr. Ravi Subbaiah Pagadala

**Mr. Ravi Subbaiah Pagadala** is a nominee director in our Bank. He holds a bachelor's degree in mechanical engineering and a master's degree in financial management. He joined Bharat Petroleum Corporation Limited ("BPCL") in 1987 and has over 30 years of experience in oil industry. Prior to holding the present position as Executive Director (Retail) I/c in BPCL, he was posted as Regional Head of Retail for Southern Region.

Mr. Ravi Subbaiah Pagadala does not hold any shares in the Bank as on March 31, 2022. Further, he is not a Director in any other public limited company.

#### Mr. Rishi Gupta

**Mr. Rishi Gupta** is the Managing Director and CEO of our Bank. He holds a bachelor's degree in commerce from University of Delhi. He is also a qualified chartered accountant and cost and works accountant and member of ICAI and ICWAI respectively.

He is a founding member of Fino PayTech Limited. He leads a team focused on bringing to fruition FINO's vision of being the universally preferred choice of customers, by fulfilling all their financial service needs.

In his previous role as COO and CFO, Mr. Rishi Gupta successfully built and managed cutting-edge operational and financial capabilities at FINO. Prior to joining Fino PayTech Limited, he worked with International Finance Corporation, ICICI Bank Limited and Maruti Udyog Limited.

He is also the founding member of Business Correspondent Federation of India (BCFI) and has served as the Chairman of its Economic Affairs Committee. He was awarded "CFO 100 Roll of Honour" in 2011, 2012 and 2013.

He was also awarded "The India CFO Award for Excellence in Finance in a Start-up" by IMA in 2013, "CA Entrepreneur - Path Breaker - Financial Services" by Committee for Professional Accountants in Business and Industry in 2018 and "100 Top Most Influential BFSI Leaders" in February 2019.

Mr. Rishi Gupta is not a Director in any other public limited company. As on March 31, 2022, He holds 5,325 Equity Shares of the Bank in his personal capacity and 2 Equity Shares as a registered owner without having beneficial interest in the same.

#### Mr. Prakash Kulathu Iyer

**Mr. Prakash Kulathu Iyer** is an independent business advisor with solid, hands-on experience in building brands, growing businesses and developing people. After spending nearly three decades in the corporate world, Mr. Prakash Kulathu Iyer chose to step out and pursue his passion for helping other people unleash the leader within them. Apart from coaching CEOs, advising leadership teams and speaking to - and inspiring - large teams, Mr. Prakash Kulathu Iyer also serves as an advisor to Multiples - a billion dollar PE fund. He has served as an Independent Director on the board of Krsnaa Diagnostics Limited, had joined the board before the company went public. He is also on the board of Livpure Private Limited and was earlier a director on the board of Milltec Machinery (both Multiples investee companies). Mr. Prakash Kulathu Iyer has played an active role in helping these companies strengthen their sales and distribution footprint, and in devising advertising and marketing strategies. He has also served as a director on the board of Xerox India Limited. In his last role in the corporate world, Mr. Prakash Kulathu Iyer was the Managing Director of Kimberly-Clark Lever. Earlier roles include Managing Director and CEO of Infomedia India Limited (formerly Tata Press) and prior to that, Executive Director at PepsiCo responsible for the company's operations in South India and Sri Lanka. An MBA from IIM Ahmedabad, he started his career with Hindustan Lever Limited (now Hindustan Unilever Limited). Mr. Prakash Kulathu Iyer's expertise includes a deep understanding of sales and distribution systems and consumer brand marketing, having spent several years managing large sales teams, growing urban and rural distribution, understanding consumer needs and building brand marketing campaigns, and activating marketing strategies in the marketplace.

At PepsiCo, Mr. Prakash Kulathu Iyer won the international 'President's Ring of Honor' - an award that recognizes sales excellence globally, and also led his team to the award of the international "Market Unit of the Year". Another recurring theme in his career has been a sharp focus on profitable growth. He was part of a core team that was instrumental in building a separate organization and low-cost business system for Unilever. At Kimberly Clark, he implemented a third party manufacturing strategy that helped significantly improve profitability, and was recognised as a best practice for developing markets globally. As CEO of Infomedia, Mr. Prakash Kulathu Iyer spearheaded one of India's first leveraged buyouts by a PE fund, and transformed an inward-looking printing business into a publishing and outsourcing powerhouse. During his watch, Infomedia divested less profitable businesses, built the Yellow Pages brand, made acquisitions in the US and UK and forged partnerships with global leaders including Alibaba and Reed Elsevier. The PE investor had a return of 2.6x when they exited after four years. A trained, CFI-certified leadership coach, Mr. Prakash Kulathu Iyer has throughout his career combined strong strategic and execution skills with excellent people management capabilities to consistently build passionate, high performance, winning teams Mr. Prakash Kulathu Iyer speaks and writes extensively on leadership, teamwork, execution, storytelling and winning. LinkedIn recognized Mr. Prakash Kulathu Iyer as a 'Top Voice' - their list of 15 creators to follow in India. He is the author of four best-selling books and his latest book - How Come No One Told Me That? - was published by Penguin in 2021.

Mr. Prakash Kulathu Iyer is not a Director in any other public limited company and he does not hold any shares in the Bank as on March 31, 2022.

#### Mr. Rakesh Bhartia

**Mr. Rakesh Bhartia** is presently Sr Advisor in the family office of Mr. Karan Thapar. He is also on the board of multiple companies in diverse industries ranging from Digital Fintech to Clinical Research. Mr. Rakesh Bhartia also advises a few leading chemical companies in India on their strategic initiatives.

Mr. Rakesh Bhartia was the CEO of India Glycols Limited (IGL) for 11 years until August, 2020. Prior to joining IGL, Mr. Rakesh Bhartia was CEO of Bajaj Hindustan Ltd., India's largest manufacturer of sugar and ethanol.

He started his career in 1992 with ICICI Securities & Finance Company Ltd (a JV between ICICI and JP Morgan). He has worked in various Banks including Standard Chartered Grindlays Bank, Bank of America and Rabobank. He has wide exposure to investment banking, corporate finance and commercial banking related activities.

Mr. Rakesh Bhartia is also the Past President of Indian Chemical Council (ICC), the apex national body representing all branches of the Chemical Industry in India. Mr. Rakesh Bhartia, by qualification is a Chartered Accountant, Company Secretary and Cost Accountant.

Mr. Rakesh Bhartia is on the Board of the following public limited company (ies):

| Other Listed Public Limited Companies                         | Other Public Limited Companies                         |
|---------------------------------------------------------------|--------------------------------------------------------|
| Aravali Securities and Finance Limited (Independent Director) | EICL Limited (Additional Director)                     |
|                                                               | Veeda Clinical Research Limited (Independent Director) |

Mr. Rakesh Bhartia does not hold any shares in the Bank as on March 31, 2022.

#### ATTENDANCE AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING (AGM)

The Board meets at least once a quarter to review the financial and business performance along with other agenda items and additional meetings are conducted from time to time to consider significant matters, whenever required. The date of Board meetings for the next calendar year are decided well in advance and are informed to the Directors so as to enable them to manage their schedule effectively and prepare for the meetings well in advance.

Video-conferencing facility is also provided at the Board / Committee meetings in case any director is unable to attend the meeting physically but wishes to participate through electronic mode in the meetings.

In consultation with the MD & CEO and the Management team, the Company Secretary prepares the agenda along with the detailed notes thereon. Directors can recommend inclusion of any additional matter in the agenda for discussion whenever required. Senior Managerial Personnel are also invited to attend the Board meetings, make presentations and provide additional inputs to the agenda items under discussion, whenever required.

During the year under review, fourteen (14) Board Meetings were held. The Meetings were held on May 15, 2021, July 23, 2021, July 29, 2021, August 12, 2021, September 13, 2021, October 11, 2021, October 12, 2021, October 22, 2021, October 25, 2021, November 13, 2021, December 15, 2021, January 03, 2022, January 27, 2022 and March 23, 2022.

The maximum gap between any two consecutive meetings was less than 120 days. The necessary quorum was present for all the meetings.

Periodic presentations are made at the Board/ Committee meetings on business strategy, performance updates, financial statements, IT, Risk, Compliance, and Governance etc. Information as required to be placed before the Board of Directors as mentioned in Schedule II Part A of the SEBI Listing Regulations is also placed before the Board for its consideration, as and when required.

Details of attendance at the Board Meetings held during the year under review and attendance at the last AGM are as follows:

| Name of the director                             | Board Meetings attended during the year | Attendance at last AGM held on (September 25, 2021) |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------------------|
| <b>Independent Director</b>                      |                                         |                                                     |
| Mr. Mahendra Kumar Chouhan*(DIN: 00187253)       | 14/14                                   | Present                                             |
| Mr. Suresh Kumar Jain (DIN: 05103064)            | 14/14                                   | Present                                             |
| Dr. Punita Kumar-Sinha* (DIN: 05229262)          | 14/14                                   | Present                                             |
| Mrs. Deena Asit Mehta (DIN: 00168992)            | 14/14                                   | Present                                             |
| Mr. Rajat Kumar Jain(DIN: 00046053)              | 14/14                                   | Absent                                              |
| <b>Non-Executive Director (Nominee Director)</b> |                                         |                                                     |
| Mr. Avijit Saha (DIN: 05102009)                  | 9/14                                    | Absent                                              |
| Mr. Ravi Subbaiah Pagadala (DIN: 08183038)       | 8/14                                    | Absent                                              |
| Mr. Amit Jain# (DIN: 06917608)                   | 1/1                                     | NA                                                  |
| <b>Executive Director</b>                        |                                         |                                                     |
| Mr. Rishi Gupta (DIN: 01433190)                  | 12/14                                   | Present                                             |

\*Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenures.

#Mr. Amit Jain resigned as Nominee Director w.e.f. May 25, 2021.

## PERFORMANCE EVALUATION

The Bank carried out the performance evaluation of the Board, Committees of the Board and individual Directors for FY 2021-22 internally. A questionnaire for the evaluation of the Board, its Committees and individual Directors covering various aspects of the performance of the Board and its Committees, including composition, roles and responsibilities, Board processes, Boardroom culture, adherence to Code of Conduct and Ethics, quality and flow of information, as well as measurement of performance in the areas of strength and areas of focus was sent out to the Directors. The Committees were evaluated inter alia on parameters such as composition, terms of reference, quality of discussions, contribution to Board decisions and balance of agenda between the Committee and the Board. The responses received to the questionnaires on evaluation of the Board, its Committees and Individual Directors were placed before the Nomination Remuneration Committee ("NRC") for its consideration. The Independent Directors at their separate meeting assessed the performance of Non-Independent Directors. Further, the Independent Directors were evaluated based upon the key personal and professional attributes. The assessment of performance of the Independent Directors on the Board was subsequently discussed by the NRC and Board. In addition to the above parameters, the Board also evaluated fulfilment of the independence criteria as specified in the Act and SEBI Listing Regulations and their independence from the management.

The evaluation brought out the cohesiveness of the Board, a Boardroom culture of trust and cooperation, and Boardroom discussions which are open, transparent and encourage diverse viewpoints. Other areas of strength included effective discharge of Board's roles and responsibilities. Some of the areas of focus for the Board on going forward included increasing time dedicated to strategic improvement in Board processes. The appropriate feedback was conveyed to the Board members and other concerned stakeholders, for suitable action.

## A CHART OR A MATRIX SETTING OUT THE SKILLS /EXPERTISE/ COMPETENCE OF THE BOARD OF DIRECTORS:

The Board of Directors have identified the following core skills / expertise / competencies / special knowledge or practical experience, as required in the context of the Bank's business and sector(s) for it to function effectively.

The same are in line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by the Reserve Bank of India from time to time:

- |                                  |                                                                                                                                                                            |                             |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (i) Accountancy                  | (ii) Agriculture and Rural Economy                                                                                                                                         | (iii) Banking               |
| (iv) Co-operation                | (v) Economics                                                                                                                                                              | (vi) Finance                |
| (vii) Law                        | (viii) Small-Scale Industry                                                                                                                                                | (ix) Information Technology |
| (x) Payment & Settlement Systems | (xi) Human Resources                                                                                                                                                       | (xii) Risk Management       |
| (xiii) Business Management       | (xiv) Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the Bank's business / sectors. |                             |

The details of the skill set, special knowledge or practical experience of the Directors are given below:

| Name                            | Designation                                                 | Expertise                                                                                                                                       |
|---------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Mahendra Kumar Chouhan*     | Part time chairman and an Independent Director              | Risk Management, Business Management                                                                                                            |
| Mr. Suresh Kumar Jain           | Independent Director                                        | Economics, Finance, Risk Management & Banking.                                                                                                  |
| Dr. Punita Kumar Sinha*         | Independent Director                                        | Economics, Finance, Risk Management & Business Management.                                                                                      |
| Mrs. Deena Mehta                | Independent Director                                        | Accountancy, Economics, Finance, Law & Risk Management.                                                                                         |
| Mr. Rajat Kumar Jain            | Independent Director                                        | Business Management, Consumer, Telecom, Media & Information Technology.                                                                         |
| Mr. Avijit Saha                 | Nominee Director                                            | Electronics and Telecommunication, Rural Economy & Banking.                                                                                     |
| Mr. Ravi Subbaiah Pagadala      | Nominee Director                                            | Finance, Banking, Marketing & Information Technology.                                                                                           |
| Mr. Prakash Kulathu Iyer#       | Additional Director in the capacity of Independent Director | Building Brands, Growing Businesses and Developing People, HR, Sales and Distribution systems, Consumer Brand Marketing & Marketing Strategies. |
| Mr. Rakesh Bhartia <sup>5</sup> | Additional Director in the capacity of Independent Director | Investment & Corporate Banking, extensive exposure to Risk Mitigation & Management, Strategic & Corporate Restructuring.                        |
| Mr. Rishi Gupta                 | Managing director and CEO                                   | Business Management, Payment Settlement, Banking, Accountancy, Economics and Finance.                                                           |

\*Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenure.

#Appointed as an Additional Director in the capacity of an Independent Director of the Bank w.e.f. June 01, 2022.

\$Appointed as an Additional Director in the capacity of an Independent Director of the Bank w.e.f. July 27, 2022.

The Board of the Bank is guided by the above provisions and the business requirements during appointment of any new Director on the Board.

The Board of the Bank is formed in compliance with the requirements of all applicable laws.

## REMUNERATION AND SELECTION CRITERIA FOR DIRECTORS

### Remuneration Policies

The Bank's remuneration practices are underpinned by principles of meritocracy and fairness. The remuneration system strives to maintain the ability to attract, retain, reward and motivate talent in order to enable the Bank to attain its strategic objectives within the increasingly competitive context in which it operates. The Bank's pay-for-performance approach strives to ensure that both internal and external equity are in line with the emerging market trends.

The Bank has formulated a Remuneration Policy for Directors and employees of the Bank in terms of the provisions of the Companies Act, 2013, SEBI Listing Regulations and Guidelines on Compensation of Whole-Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff, issued by the RBI on 4 November, 2019. This Remuneration Policy inter alia contains guidelines relating to compensation structure consisting of sitting fees for Independent Directors, fixed pay, variable pay, employee stock options, compensation revision cycle and framework regarding malus / clawback.

The Remuneration policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755335\\_18nrrcompensationpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755335_18nrrcompensationpolicy.pdf). The remuneration paid to all the employees / MD & CEO / Independent Directors of the Bank, for fiscal 2022, was in accordance with the aforesaid Remuneration Policy of the Bank.

### Remuneration of Managing Director and CEO:

The details of the remuneration of Mr. Rishi Gupta, Managing Director & CEO for the financial year 2020-21 are as under:

| Break-up of the Remuneration                                                                                            | Amount (Rs. in crores) |
|-------------------------------------------------------------------------------------------------------------------------|------------------------|
| Total Fixed Pay (including perquisites)                                                                                 | 1.87                   |
| Variable Pay-Cash                                                                                                       | 0.1                    |
| Variable Pay-Non Cash Share Linked (deferred over the period of three years as per the vesting schedule of the options) | 1.77                   |
| <b>Total</b>                                                                                                            | <b>3.74</b>            |

Note:

- Retirals and benefits as per statutory requirements.
- The amount in total fixed pay includes all perquisites and benefits mentioned in compensation policy of the Bank. Statutory payments such as provident fund are also included in the same. Further, gratuity as a Bank's Policy is being provisioned on a group basis through an actuarial valuation as per the Payment of Gratuity Act, 1972 and is payable only at the end of employment and hence is not included in the above.

During the year under review, Mr. Rishi Gupta was granted a total quantum of 175,974 employee stock options.

### Details of remuneration / sitting fees paid to Non-executive Directors:

The Independent Directors receive remuneration by way of sitting fees for attending each meeting of the Board and its Committees. Based upon the recommendation of NRC, the Board approved sitting fees of Rs. 1,00,000 per Board meeting and Rs. 75,000 per Committee meeting to Independent Directors. No stock options are granted to any of the Non-Executive Director.

The details of sitting fees paid to our Directors (excluding Nominee Directors, Managing Director) during the financial year 2021-22 are as follows:

| Name of the Director        | Sitting fees (in ₹) |
|-----------------------------|---------------------|
| Mr. Mahendra Kumar Chouhan* | 42,50,000           |
| Mr. Suresh Kumar Jain       | 36,50,000           |
| Dr. Punita Kumar - Sinha*   | 29,00,000           |
| Mrs. Deena Asit Mehta       | 26,00,000           |
| Mr. Rajat Kumar Jain        | 22,25,000           |

\* Ceased to be Independent Directors of the Bank w.e.f. May 1, 2022 due to completion of their respective tenure.

The Bank do not pay any remuneration to Nominee Directors.

Further, there was no other pecuniary relationships or transactions of Non-Executive Directors vis-a-vis the Bank (except banking transactions in the ordinary course of business and on arm's length basis) during FY 2021-22, if any.

#### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of SEBI Listing Obligations and Disclosure Requirements Regulations, the Board has framed a policy to familiarize the Independent Directors which includes an overview of the business model, operations of the Bank, social-economic environment of the Bank. The Independent Directors are also familiarize through presentation on business performance, operations, etc. at the Board and its Committee meetings every quarter. The details pertaining to familiarization program of Independent Directors is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661869067\\_FinalFPBFamiliarisationID.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661869067_FinalFPBFamiliarisationID.pdf)

#### COMPOSITION OF COMMITTEES OF BOARD, TERMS OF REFERENCE AND ATTENDANCE AT THE MEETINGS

The Board has constituted various Committees of Directors to take informed decisions in the best interest of the Bank. These Committees monitor the activities as per the scope defined in their Charter and terms of reference.

Majority of Members of the Board level Committees are Independent Directors and most of these Committees are chaired by them. There were no instances during FY 2021-22, wherein the Board had not accepted recommendations made by any Committees of the Boards.

**The details of the composition of the committees, terms of reference, date of meetings along with attendance thereat given below:**

#### Audit Committee

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| Terms of Reference | <p>Audit Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;</li> <li>2. 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.</li> <li>3. To review and monitor the statutory, concurrent and internal auditors' independence and performance and effectiveness of audit process.</li> <li>4. To review compliance with the inspection and audit reports of Reserve Bank of India, review of the findings of internal investigations.</li> <li>5. To review with the management, the quarterly and annual financial statements before submission to the Board for approval.</li> <li>6. Review of Compliance functions in the Bank.</li> <li>7. 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.</li> <li>8. Review of housekeeping - particularly balancing and reconciliation of long outstanding entries Suspense / Sundries / Funds in Transit/ Clearing / SGL accounts</li> <li>9. Review of Audit plan and status of achievement thereof.</li> <li>10. 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.</li> <li>11. Compliance report on directives issued by ACB / Board / RBI.</li> <li>12. Review of information on violations by various functionaries in the exercise of discretionary powers.</li> <li>13. 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.</li> <li>14. 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.</li> <li>15. Review of IS Audit Policy</li> <li>16. 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.</li> <li>17. Review of the bank's financial management policies.</li> <li>18. Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures</li> <li>19. 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.</li> <li>20. 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: <ol style="list-style-type: none"> <li>i. 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;</li> <li>ii. Changes, if any, in accounting policies and practices and reasons for the same;</li> <li>iii. Major accounting entries involving estimates based on the exercise of judgment by management;</li> <li>iv. Significant adjustments made in the financial statements arising out of audit findings;</li> <li>v. Compliance with listing and other legal requirements relating to financial statements;</li> <li>vi. Disclosure of any related party transactions; and</li> <li>vii. Modified opinion(s) in the draft audit report.</li> </ol> </li> <li>21. To review with management the adequacy of the internal control systems including the structure of the internal audit department and</li> <li>22. 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.</li> <li>23. 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;</li> </ol> <p>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.</p> |
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24. To scrutinize inter-corporate loans and investments;
25. To evaluate the undertakings or assets of the Bank, wherever it is necessary;
26. To evaluate the internal financial controls and risk management systems;
27. 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;
28. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances and Reviewing the functioning of the whistle blower mechanism;
29. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
30. 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;
31. Discussing with internal auditors on any significant findings and follow up thereon;
32. 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;
33. 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;
34. 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;
35. 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;
36. 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
37. Reviewing adequacy of insurance policies taken by Management to cover risks/ transfer risk exposures.

| Composition<br>(including changes during the year and upto date of this report) | Mrs. Deena Mehta, Chairperson<br>Mr. Suresh Kumar Jain<br>Mr. Avijit Saha<br>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)<br>Dr. Punita Kumar-Sinha (ceased w.e.f May 01, 2022)<br>Mr. Amit Jain (resigned w.e.f May 25, 2021)<br>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.                                           |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------|--------------------------|----------------------|-----|----------------------------|-----|------------------------|-----|-----------------------|-----|-----------------|-----|---------------|-----|
| Meetings                                                                        | The Committee met six (6) times during the year under review on May 15, 2021, July 23, 2021, August 12, 2021, October 11, 2021, November 13, 2021 and January 27, 2022.                                                                                                                                                                                                         |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Attendance                                                                      | <table><tr><th>Name</th><th>No. of meetings attended</th></tr><tr><td>Mrs. Deena Mehta (C)</td><td>6/6</td></tr><tr><td>Mr. Mahendra Kumar Chouhan</td><td>6/6</td></tr><tr><td>Dr. Punita Kumar-Sinha</td><td>6/6</td></tr><tr><td>Mr. Suresh Kumar Jain</td><td>6/6</td></tr><tr><td>Mr. Avijit Saha</td><td>4/6</td></tr><tr><td>Mr. Amit Jain</td><td>1/1</td></tr></table> |  | Name | No. of meetings attended | Mrs. Deena Mehta (C) | 6/6 | Mr. Mahendra Kumar Chouhan | 6/6 | Dr. Punita Kumar-Sinha | 6/6 | Mr. Suresh Kumar Jain | 6/6 | Mr. Avijit Saha | 4/6 | Mr. Amit Jain | 1/1 |
| Name                                                                            | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                        |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Mrs. Deena Mehta (C)                                                            | 6/6                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Mr. Mahendra Kumar Chouhan                                                      | 6/6                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Dr. Punita Kumar-Sinha                                                          | 6/6                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Mr. Suresh Kumar Jain                                                           | 6/6                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Mr. Avijit Saha                                                                 | 4/6                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |
| Mr. Amit Jain                                                                   | 1/1                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                      |     |                            |     |                        |     |                       |     |                 |     |               |     |

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## Nomination & Remuneration Committee

| Terms of Reference                                                           | <p>Nomination &amp; Remuneration Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"><li>To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,</li><li>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.</li><li>To formulate the criteria for determining qualifications, positive attributes and independence of a director.</li><li>Formulating of criteria for evaluation of the performance of the independent directors and the Board;</li><li>Devising a policy on Board diversity;</li><li>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;</li><li>Analysing, monitoring and reviewing various human resource and compensation matters;</li><li>To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, material risk takers and other employees;</li><li>To monitor and review various HR related matters such as plans, policies reports etc. from time to time;</li><li>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.</li><li>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.</li><li>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.</li><li>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.</li><li>Keep abreast of external remuneration trends and market conditions.</li><li>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.</li><li>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.</li><li>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:<ol style="list-style-type: none"><li>administering the Fino Payments Bank Limited - Employees Stock Option Policy, 2020 (the "<b>ESOP Plan</b>");</li><li>determining the eligibility of employees to participate under the ESOP Plan;</li><li>determining the number of options to be granted to employees;</li><li>determining the exercise price under the ESOP Plan; and</li><li>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.</li></ol></li><li>The Nomination and Remuneration Committee, while formulating the remuneration policy, should ensure that:<ol style="list-style-type: none"><li>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;</li><li>relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</li><li>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.</li></ol></li><li>Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:<ol style="list-style-type: none"><li>the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or</li><li>the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.</li></ol></li><li>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.</li></ol> |  |      |                          |                          |       |                            |       |                        |       |                            |      |
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| Composition (including changes during the year and upto date of this report) | <p>Mr. Suresh Kumar Jain, Chairperson<br/>Mr. Ravi Subbaiah Pagadala<br/>Mr. Rajat Kumar Jain (Inducted w.e.f 11.05.2022)<br/>Mr. Prakash Iyer (Inducted w.e.f 25.07.2022)<br/>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)<br/>Dr. Punita Kumar-Sinha (ceased w.e.f May 01, 2022)<br/>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          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| Meetings                                                                     | <p>The Committee met twelve (12) times during the year on May 14, 2021, May 17, 2021, July 20, 2021, July 23, 2021, July 26, 2021, August 12, 2021, September 13, 2021, October 11, 2021, November 12, 2021, December 15, 2021, January 27, 2022 and March 23, 2022.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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| Attendance                                                                   | <table><tr><th>Name</th><th>No. of meetings attended</th></tr><tr><td>Mr. Suresh Kumar Jain(C)</td><td>12/12</td></tr><tr><td>Mr. Mahendra Kumar Chouhan</td><td>12/12</td></tr><tr><td>Dr. Punita Kumar-Sinha</td><td>12/12</td></tr><tr><td>Mr. Ravi Subbaiah Pagadala</td><td>9/12</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 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| Name                                                                         | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                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| Mr. Suresh Kumar Jain(C)                                                     | 12/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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| Mr. Mahendra Kumar Chouhan                                                   | 12/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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| Dr. Punita Kumar-Sinha                                                       | 12/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   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| Mr. Ravi Subbaiah Pagadala                                                   | 9/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    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## Stakeholders Relationship Committee

| Terms of Reference                                                           | <p>Stakeholders Relationship Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>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;</li> <li>Review of measures taken for effective exercise of voting rights by shareholders;</li> <li>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;</li> <li>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;</li> <li>Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;</li> <li>To approve, register, refuse to register transfer or transmission of shares and other securities;</li> <li>To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;</li> <li>Allotment and listing of shares;</li> <li>To authorise affixation of common seal of the Company, if required;</li> <li>To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Company;</li> <li>To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;</li> <li>To dematerialize or rematerialize the issued shares;</li> <li>Ensure proper and timely attendance and redressal of investor queries and grievances;</li> <li>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</li> <li>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).</li> </ol> |      |                          |                           |     |                  |     |                      |     |                 |     |
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| Composition (including changes during the year and upto date of this report) | <p>Mr. Suresh Kumar Jain, Chairperson<br/> Mr. Rajat Kumar Jain<br/> Mrs. Deena Mehta (Inducted w.e.f 15.12.2021)<br/> Mr. Rishi Gupta<br/> Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |                          |                           |     |                  |     |                      |     |                 |     |
| Meetings                                                                     | The Committee met two (2) times during the year under review on May 17, 2021 and January 27, 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |      |                          |                           |     |                  |     |                      |     |                 |     |
| Attendance                                                                   | <table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Suresh Kumar Jain (C)</td><td>2/2</td></tr> <tr> <td>Mrs. Deena Mehta</td><td>1/1</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>2/2</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>2/2</td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Name | No. of meetings attended | Mr. Suresh Kumar Jain (C) | 2/2 | Mrs. Deena Mehta | 1/1 | Mr. Rajat Kumar Jain | 2/2 | Mr. Rishi Gupta | 2/2 |
| Name                                                                         | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |                          |                           |     |                  |     |                      |     |                 |     |
| Mr. Suresh Kumar Jain (C)                                                    | 2/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                           |     |                  |     |                      |     |                 |     |
| Mrs. Deena Mehta                                                             | 1/1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                           |     |                  |     |                      |     |                 |     |
| Mr. Rajat Kumar Jain                                                         | 2/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                           |     |                  |     |                      |     |                 |     |
| Mr. Rishi Gupta                                                              | 2/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                           |     |                  |     |                      |     |                 |     |

## Risk and Asset Liability Management Committee

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| Terms of Reference | <p>Risk and Asset Liability Management Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>To identify, monitor and measure the risk profile of the Bank (including market risk, operational risk and other residual risks.)</li> <li>To oversee the policies connected with the risk management within the Bank for approval by the Board.</li> <li>To review adherence to various risk parameters and prudential limits for treasury operations and its risk monitoring system.</li> <li>Review of processes being introduced/ implemented by the Bank.</li> <li>Formulate and implement optimal ALM strategies at an enterprise level and meeting risk/reward objectives.</li> <li>To monitor risk exposures, funding &amp; development at periodic intervals and revise ALM strategies where required.</li> <li>To formulate policies connected with risk management which shall include: <ol style="list-style-type: none"> <li>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.</li> <li>Measures for risk mitigation including systems and processes for internal control of identified risks.</li> <li>Business continuity plan.</li> </ol> </li> <li>To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank.</li> <li>To monitor and oversee implementation of the policies connected with risk management, including evaluating the adequacy of risk management systems.</li> <li>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.</li> <li>To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken.</li> <li>To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.</li> <li>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.</li> <li>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.</li> </ol> |
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| Composition<br>(including changes during the year and upto date of this report) | Mr. Suresh Kumar Jain, Chairperson<br>Mrs. Deena Mehta<br>Mr. Rajat Kumar Jain<br>Mr. Prakash Iyer (Inducted w.e.f 25.07.2022)<br>Mr. Rishi Gupta<br>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)<br>Dr. Punita Kumar Sinha (ceased w.e.f May 01, 2022)<br>Mr. Amit Jain (resigned w.e.f May 25, 2021)<br>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee. |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|---------------------------|-----|----------------------------|-----|------------------|-----|----------------------|-----|---------------|-----|-----------------|-----|
| Meetings                                                                        | The Committee met four (4) times during the year under review on May 14, 2021, August 12, 2021, November 12, 2021 and January 27, 2022.                                                                                                                                                                                                                                                                       |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Attendance                                                                      | <table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Suresh Kumar Jain (C)</td><td>4/4</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>4/4</td></tr> <tr> <td>Mrs. Deena Mehta</td><td>4/4</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>4/4</td></tr> <tr> <td>Mr. Amit Jain</td><td>1/1</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>4/4</td></tr> </table>                  | Name | No. of meetings attended | Mr. Suresh Kumar Jain (C) | 4/4 | Mr. Mahendra Kumar Chouhan | 4/4 | Mrs. Deena Mehta | 4/4 | Mr. Rajat Kumar Jain | 4/4 | Mr. Amit Jain | 1/1 | Mr. Rishi Gupta | 4/4 |
| Name                                                                            | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                      |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mr. Suresh Kumar Jain (C)                                                       | 4/4                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mr. Mahendra Kumar Chouhan                                                      | 4/4                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mrs. Deena Mehta                                                                | 4/4                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mr. Rajat Kumar Jain                                                            | 4/4                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mr. Amit Jain                                                                   | 1/1                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |
| Mr. Rishi Gupta                                                                 | 4/4                                                                                                                                                                                                                                                                                                                                                                                                           |      |                          |                           |     |                            |     |                  |     |                      |     |               |     |                 |     |

#### Customer Service Committee

| Terms of Reference                                                              | <p>Customer Service Committee, is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>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.</li> <li>To monitor implementation of awards under the Banking Ombudsman Scheme.</li> <li>To ensure customer are treated fairly all the times and complaints raised by them is dealt with courtesy and in time.</li> <li>To evaluate feedback on quality of customer service and to oversee implementation of commitments towards customers as per the directions received from BCSBI.</li> <li>To ensure that all regulatory instructions regarding customer service are followed by the Bank.</li> <li>Review and approve customer service policies and customer communication strategies of the Bank</li> <li>Formulate and approve Fair Practices Code to customers</li> </ol> |      |                          |                    |     |                                |     |                            |     |                |     |
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| Composition<br>(including changes during the year and upto date of this report) | Mr. Rishi Gupta, Chairperson<br>Mr. Ravi Subbaiah Pagadala<br>Mr. Rajat Kumar Jain (Inducted w.e.f December 15, 2021)<br>Mr. Mahendra Kumar Chouhan (resigned from the Committee w.e.f December 15, 2021)<br>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |      |                          |                    |     |                                |     |                            |     |                |     |
| Meetings                                                                        | The Committee met two (2) times during the year under review on May 14, 2021 and November 12, 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |                          |                    |     |                                |     |                            |     |                |     |
| Attendance                                                                      | <table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rishi Gupta(C)</td><td>2/2</td></tr> <tr> <td>Mr. Mr. Ravi Subbaiah Pagadala</td><td>1/2</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>2/2</td></tr> <tr> <td>Mr. Rajat Jain</td><td>0/0</td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Name | No. of meetings attended | Mr. Rishi Gupta(C) | 2/2 | Mr. Mr. Ravi Subbaiah Pagadala | 1/2 | Mr. Mahendra Kumar Chouhan | 2/2 | Mr. Rajat Jain | 0/0 |
| Name                                                                            | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |      |                          |                    |     |                                |     |                            |     |                |     |
| Mr. Rishi Gupta(C)                                                              | 2/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |                          |                    |     |                                |     |                            |     |                |     |
| Mr. Mr. Ravi Subbaiah Pagadala                                                  | 1/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |                          |                    |     |                                |     |                            |     |                |     |
| Mr. Mahendra Kumar Chouhan                                                      | 2/2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |                          |                    |     |                                |     |                            |     |                |     |
| Mr. Rajat Jain                                                                  | 0/0                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |      |                          |                    |     |                                |     |                            |     |                |     |

#### Corporate Social Responsibility

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| Terms of Reference | <p>Corporate Social Responsibility Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>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;</li> <li>The Committee shall annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.</li> <li>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.</li> <li>The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.</li> <li>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.</li> <li>The Committee may form and delegate authority to sub-committees when appropriate.</li> <li>The Committee shall regularly report to the Board.</li> <li>The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.</li> <li>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</li> <li>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"</li> </ol> |
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| Composition (including changes during the year and upto date of this report) | Mrs. Deena Mehta, Chairperson (Inducted as Chairperson and member w.e.f January 03, 2022)<br>Mr. Avijit Saha<br>Mr. Rishi Gupta (Inducted w.e.f May 12, 2022)<br>Mr. Mahendra Kumar Chouhan (resigned as chairperson and members of the Committee w.e.f 15.12.2021)<br>Dr. Punita Kumar-Sinha (ceased w.e.f May 01, 2022)<br>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee. |                                 |
| Meetings                                                                     | The Committee met one (1) time during the year under review on August 08, 2021.                                                                                                                                                                                                                                                                                                                                        |                                 |
| Attendance                                                                   | <b>Name</b>                                                                                                                                                                                                                                                                                                                                                                                                            | <b>No. of meetings attended</b> |
|                                                                              | Mrs. Deena Asit Mehta (C)                                                                                                                                                                                                                                                                                                                                                                                              | 0/0                             |
|                                                                              | Mr. Mahendra Kumar Chouhan                                                                                                                                                                                                                                                                                                                                                                                             | 1/1                             |
|                                                                              | Dr. Punita Kumar-Sinha                                                                                                                                                                                                                                                                                                                                                                                                 | 1/1                             |
|                                                                              | Mr. Avijit Saha                                                                                                                                                                                                                                                                                                                                                                                                        | 0/1                             |

#### IT Strategy Committee

| Terms of Reference                                                           | IT Strategy Committee is authorised to perform the following functions:<br><div><div>1. Approving IT strategy and policy documents</div><div>2. Ensuring that the management has put an effective strategic planning process in place;</div><div>3. Ratifying that the business strategy is indeed aligned with IT strategy</div><div>4. Ensuring that the IT Organizational structure complements the business model and its direction ;</div><div>5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business</div><div>6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;</div><div>7. 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</div><div>8. Ensuring proper balance of IT investments for sustaining bank's growth</div><div>9. Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks</div><div>10. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks)</div><div>11. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT</div><div>12. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value).</div><div>13. Approve and review the IT infrastructure sharing arrangements with other entities including the holding company/associates.</div><div>14. To review information security system in the Bank and the Status of implementation of regulatory instructions on Information Security</div></div> |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
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| Composition (including changes during the year and upto date of this report) | Mr. Rajat Kumar Jain, Chairperson<br>Mr. Avijit Saha<br>Mr. Ravi Subbaiah Pagadala<br>Mr. Rishi Gupta<br>Mrs. Deena Mehta (Inducted w.e.f December 15, 2021)<br>Mr. Prakash Iyer (Inducted w.e.f July 25, 2022)<br>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)<br>Mr. Amit Jain (resigned w.e.f May 25, 2021)<br>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Meetings                                                                     | The Committee met four (4) times during the year on May 14, 2021, August 12, 2021, November 12, 2021 and January 27, 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Attendance                                                                   | <table><tr><th>Name</th><th>No. of meetings attended</th></tr><tr><td>Mr. Rajat Kumar Jain (C)</td><td>4/4</td></tr><tr><td>Mr. Mahendra Kumar Chouhan</td><td>4/4</td></tr><tr><td>Mrs. Deena Mehta</td><td>1/1</td></tr><tr><td>Mr. Ravi Subbaiah Pagadala</td><td>2/4</td></tr><tr><td>Mr. Avijit Saha</td><td>3/4</td></tr><tr><td>Mr. Amit Jain</td><td>1/1</td></tr><tr><td>Mr. Rishi Gupta</td><td>4/4</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Name | No. of meetings attended | Mr. Rajat Kumar Jain (C) | 4/4 | Mr. Mahendra Kumar Chouhan | 4/4 | Mrs. Deena Mehta | 1/1 | Mr. Ravi Subbaiah Pagadala | 2/4 | Mr. Avijit Saha | 3/4 | Mr. Amit Jain | 1/1 | Mr. Rishi Gupta | 4/4 |
| Name                                                                         | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Rajat Kumar Jain (C)                                                     | 4/4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Mahendra Kumar Chouhan                                                   | 4/4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mrs. Deena Mehta                                                             | 1/1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Ravi Subbaiah Pagadala                                                   | 2/4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Avijit Saha                                                              | 3/4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Amit Jain                                                                | 1/1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |
| Mr. Rishi Gupta                                                              | 4/4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |      |                          |                          |     |                            |     |                  |     |                            |     |                 |     |               |     |                 |     |

#### IPO Committee

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| Terms of Reference | <p>IPO Committee is authorised to perform the following functions :</p> <ol style="list-style-type: none"> <li>1. 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;</li> <li>2. 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;</li> <li>3. 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;</li> <li>4. 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;</li> </ol> |  |
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5. to appoint and enter into arrangements with various advisors or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;
6. 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;
7. 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;
8. to authorise and approve the incurring of expenditure and payment of fees and expenses in connection with the Offer.
9. 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;
10. 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);
11. 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;
12. 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;
13. 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;
14. 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;
15. to accept and appropriate the proceeds of the Offer in accordance with the Applicable Laws;
16. 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;
17. 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;
18. 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 aforesaid documents;
19. to authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
20. 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);
21. 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;
22. 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;
23. 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;
24. 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;
25. 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;
26. 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;
27. 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;



|                                                                              | <p>28. 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;</p> <p>29. taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;</p> <p>30. 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);</p> <p>31. 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.</p> |      |                          |                 |     |                            |     |                  |     |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|-----------------|-----|----------------------------|-----|------------------|-----|
| Composition (including changes during the year and upto date of this report) | <p>Mrs. Deena Metha, Chairperson</p> <p>Mr. Rishi Gupta</p> <p>Mr. Mahendra Kumar Chouhan (ceased w.e.f May 01, 2022)</p> <p>Mr. Amit Jain (resigned w.e.f May 25, 2021)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |                          |                 |     |                            |     |                  |     |
| Meetings                                                                     | The Committee met three (3) times during the year on October 28, 2021, November 03, 2021 and November 09, 2021.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |                          |                 |     |                            |     |                  |     |
| Attendance                                                                   | <table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rishi Gupta</td><td>3/3</td></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>3/3</td></tr> <tr> <td>Mrs. Deena Mehta</td><td>3/3</td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Name | No. of meetings attended | Mr. Rishi Gupta | 3/3 | Mr. Mahendra Kumar Chouhan | 3/3 | Mrs. Deena Mehta | 3/3 |
| Name                                                                         | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |                          |                 |     |                            |     |                  |     |
| Mr. Rishi Gupta                                                              | 3/3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |                          |                 |     |                            |     |                  |     |
| Mr. Mahendra Kumar Chouhan                                                   | 3/3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |                          |                 |     |                            |     |                  |     |
| Mrs. Deena Mehta                                                             | 3/3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |      |                          |                 |     |                            |     |                  |     |

#### Committee of Directors (Operations)

| Terms of Reference                                                           | <p>Committee of Directors (Operations) is authorised to perform the following functions :</p> <ol style="list-style-type: none"> <li>To approve the resolutions for opening, modification and closure of Bank accounts of the Company from time to time</li> <li>To approve to avail various facilities viz. internet banking facilities, overdraft facilities/cash credit facilities, non-fund based facilities such as Bank Guarantee/Performance Guarantee and Letter of credit and other banking arrangements with other Banks.</li> <li>To approve to make investments of the Bank within the limits prescribed under the Companies Act, 2013 (including statutory enactments from time to time).</li> <li>To approve to borrow funds within the limits prescribed under the Companies Act, 2013 (including statutory enactments from time to time).</li> <li>To approve the resolutions for filing applications, forms, documents, petitions, affidavits etc with any statutory authorities and non-statutory authorities for obtaining registrations and licences required to be obtained and other ancillary matters</li> <li>To approve the resolutions for authorizing any official to issue letter of authority and/or power of attorney.</li> <li>To approve Share allotment, transfers and transmissions, Issue of duplicate share certificates and other shares related matters and</li> <li>To approve any other resolution which is required in the normal course of business which does not require the approval of the Board of Directors</li> </ol> |      |                          |                            |     |                 |     |                       |     |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|--------------------------|----------------------------|-----|-----------------|-----|-----------------------|-----|
| Composition (including changes during the year and upto date of this report) | <p>Mr. Suresh Kumar Jain, Chairperson</p> <p>Mrs. Deena Asit Mehta</p> <p>Mr. Rishi Gupta</p> <p>Mr. Mahendra Kumar Chouhan (ceased to chairperson and Members of the Committee w.e.f May 01, 2022)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary to the Committee.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |                          |                            |     |                 |     |                       |     |
| Meetings                                                                     | The Committee met five (5) times during the year on May 04, 2021, July 22, 2021, August 04, 2021, November 09, 2021 and January 20, 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |                          |                            |     |                 |     |                       |     |
| Attendance                                                                   | <table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Mahendra Kumar Chouhan</td><td>5/5</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>5/5</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>5/5</td></tr> </table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Name | No. of meetings attended | Mr. Mahendra Kumar Chouhan | 5/5 | Mr. Rishi Gupta | 5/5 | Mr. Suresh Kumar Jain | 5/5 |
| Name                                                                         | No. of meetings attended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |      |                          |                            |     |                 |     |                       |     |
| Mr. Mahendra Kumar Chouhan                                                   | 5/5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                            |     |                 |     |                       |     |
| Mr. Rishi Gupta                                                              | 5/5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                            |     |                 |     |                       |     |
| Mr. Suresh Kumar Jain                                                        | 5/5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |                          |                            |     |                 |     |                       |     |

#### MEETING OF THE INDEPENDENT DIRECTORS

The meeting of the Independent Directors (IDs) of the Bank was held on May 14, 2021, without the attendance of Non-Independent Directors and members of the management. The Independent Directors, inter-alia, discussed and reviewed the performance of Non-Independent Director/ the Board as a whole the Chairperson of the Board, taking into account the views of Executive Directors and Non-Executive Directors; and assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All Independent Directors were present in the Meeting.

#### DIRECTORS AND OFFICERS INSURANCE

The Bank has a Directors and Officers Insurance policy in place which protects Directors and Officers of the Bank for any actual or alleged breach of fiduciary duty.

#### CODE FOR PREVENTION OF INSIDER TRADING

The Bank has adopted a code of conduct for the prevention of insider trading in the securities of the Bank in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('SEBI Insider Trading Regulations') as amended from time to time, with a view to regulate trading in securities by the Board and Employees of the Bank, their immediate relatives and other insiders as defined in the PIT Code. The Code, inter-alia, prohibits dealing in securities of the Bank by insiders while in possession of unpublished price sensitive information. The code is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757596\\_insidertradingcoden.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757596_insidertradingcoden.pdf)

## ANNUAL GENERAL MEETING

Following are the details of Annual General Meetings for previous three financial years:

| Financial Year | Venue                                                                                                       | Day, Date & Time                          | Number of Special Resolutions passed, if any | Nature of Special Resolutions                                                                                                                                                                                                                                                                                                                                |
|----------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2018-2019      | Shree Sawan Knowledge Park, 2nd Floor, D-507, TTC Industrial Area MIDC Turbhe, Navi Mumbai- 400 705         | Monday, September, 30, 2019 at 11.30 a.m  | 3 (Three)                                    | 1. Approval of Performance Bonus (Variable Pay) to Mr. Rishi Gupta (DIN: 01433190) for Financial Year 2018-19.<br>2. Approval of Remuneration of Mr. Rishi Gupta (DIN: 01433190) for Financial Year 2019-20.<br>3. Approval of the Formulation of Fino Payments Bank Ltd- Employee Stock Option Policy, 2019.                                                |
| 2019 - 2020    | MindSpace Juinagar, Tower1, Board Room, 8th Floor, TTC Industrial Area, MIDC Shirwane, Navi Mumbai- 400 706 | Wednesday, September, 30, 2020 at 11 a.m. | 3 (Three)                                    | 1. Approval of Re-appointment of Mr. Rishi Gupta (DIN: 01433190) as the Managing Director & CEO of the Bank for the Term of 3 Years.<br>2. Approval of Performance Bonus (Variable Pay) to Mr. Rishi Gupta (DIN: 01433190) for the Financial Year 2019-20.<br>3. Approval of Remuneration of Mr. Rishi Gupta (DIN: 01433190) for the Financial Year 2020-21. |
| 2020- 2021*    | Held through Video-Conferencing deemed to be conveyed at the Registered office of the Bank                  | Saturday, September, 25, 2021 at 5.30 p.m | 1 (One)                                      | Approval of Remuneration of Mr. Rishi Gupta (DIN: 01433190) for the Financial year 2020-21.                                                                                                                                                                                                                                                                  |

\*In compliance with the provisions of the Ministry of Corporate Affairs ("MCA") General circular No. 2/2021 dated January 13, 2021 and MCA General Circular No. 20/2020 dated 5 May 2020 read together with MCA General Circular Nos. 14 & 17/2020 dated April 08, 2020 and April 13, 2020 respectively, the Bank also provided the facility for the Members to attend the AGM through Video Conferencing ("VC").

## POSTAL BALLOT

### Procedure for Postal Ballot

Pursuant to Section 110 read with Section 108 and other applicable provisions, if any, of the Act read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, ("Rules") (including any statutory modification or re-enactment thereof for the time being in force), Regulation 44 of the SEBI Listing Regulations, Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ("SS-2"), each as amended, and in accordance with the guidelines prescribed by the Ministry of Corporate Affairs ("MCA") for holding general meetings/conducting Postal Ballot process through e-voting vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and Circular No. 20/2021 dated December 8, 2021 in view of the COVID-19 pandemic (collectively the 'MCA Circulars'), the Bank had proposed to pass the necessary resolutions as per the said guidelines, circulars and provisions of the Act as mentioned in Postal Ballot Notice dated March 23, 2022. In terms of said Section of the Act and the Rules, a company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by Postal Ballot, shall, get any resolution (other than Ordinary Business and any Business in respect of which Directors or Auditors have right to be heard at any meeting) passed by means of Postal Ballot, instead of transacting the business in general meeting of the Company.

Accordingly, the Postal Ballot procedure for Postal Ballot Notice dated March 23, 2022 was carried out as per the above provisions and therefore, the hard copy of Postal Ballot Notice was not sent to the Members for aforesaid Postal Ballot and Members were required to communicate their assent or dissent through the E-Voting system only.

### Postal Ballot during FY 2021-22

In view of the pandemic situation of COVID-19, approval of Members of the Bank was sought only by way of remote electronic voting for the following matters through Postal Ballot activity conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Companies Act, 2013 along with the guidelines, notification issued by the MCA, and in light of circulars issued by the MCA and SEBI:

| SN. | Resolution                                                                                                                  | Type of Resolution  | Votes in favour of the resolution |            | Votes against the resolution |            |
|-----|-----------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|------------|------------------------------|------------|
|     |                                                                                                                             |                     | No. of votes                      | % of votes | No. of votes                 | % of votes |
| 1.  | Increase in Authorised Share Capital of the Bank and Alteration of Capital Clause of Memorandum of Association of the Bank. | Ordinary Resolution | 14932617                          | 19.3055    | 62416367                     | 80.6945    |
| 2.  | Re-appointment of Mr. Mahendra Kumar Chouhan (DIN: 00187253) as an Independent Director of the Bank                         | Special Resolution  | 14930684                          | 19.3033    | 62417287                     | 80.6967    |
| 3.  | Re-appointment of Dr. Punita Kumar - Sinha (DIN: 05229262) as an Independent Director of the Bank                           | Special Resolution  | 14930213                          | 19.3027    | 62417743                     | 80.6973    |
| 4.  | Ratification of the 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020'                                      | Special Resolution  | 68841593                          | 89.0025    | 8506363                      | 10.9975    |
| 5.  | Approval of the amendment in the 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020'                         | Special Resolution  | 6429295                           | 8.3121     | 70918661                     | 91.6878    |
| 6.  | Approval/Reinstatement of right to nominate directors pursuant to Article 104 of the Articles of Association of the Bank    | Special Resolution  | 72738134                          | 94.0401    | 4609822                      | 5.9599     |

The Board of Directors of the Bank had appointed Mr. Tribhuvneshwar Kaushik and in his absence, Mr. Savyasachi Joshi of M/s. Kaushik Joshi & Co., Practising Company

Secretaries., as the Scrutinizer, for scrutinising the Postal Ballot process in a fair and transparent manner. All e-votes received up to 5.00 p.m. on April 29, 2022 were considered for scrutiny. The results of the Postal Ballot were announced on April 30, 2022 declaring that ordinary resolution proposed at item no.1 and special resolutions proposed for item no. 2, 3 and 5 of the Notice dated March 23, 2022 have not been passed with requisite majority. Special Resolution No. 4 and 6 has been passed with requisite majority.

Further, the Bank has initiated a Postal Ballot process vide Postal Ballot Notice dated July 20, 2022 for seeking approval of Members for appointment of Mr. Prakash Kulathu Iyer as an Independent Director of the Bank for a period of five (5) years with effect from June 1, 2022 up to May 31, 2027 (both days inclusive). The result of the same will be announced on or before August 30, 2022.

## MEANS OF COMMUNICATION

- Financial Results:** Since the Bank got listed on November 12, 2021, your Bank's financial results for the 2<sup>nd</sup> & 3<sup>rd</sup> quarters are submitted to the stock exchanges within forty five days from the end of the quarter and the audited annual results are submitted within sixty days from the end of the financial year as required under the SEBI Listing Regulations. The financial results are published in (Financial Express/ Free Press Journal) English newspaper having country-wide circulation and in (Navshakti) Marathi newspaper where the registered office of the Bank is situated. The financial results and newspaper publication cuttings are available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- Investors/analysts Meets:** Your Bank's officials interact on a regular basis with stakeholders through investor meetings, investor calls, earnings call etc. Intimation and outcome of such meets are uploaded on the website of stock exchanges and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- Press/Media releases:** Official press/media releases are uploaded on the website of stock exchanges and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- Compliance reports, corporate announcements, material information and updates:** Your Bank disseminates the requisite compliance reports and corporate announcements/updates to the stock exchanges through their designated portal and also available on the Bank's website at [www.finobank.com](http://www.finobank.com).
- The Bank's website contains a separate dedicated section "Investor Relations". The Investor Relations section contains a comprehensive database of information of interest to the investors including the financial results and annual report of the Bank, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Bank to its investors, in a user friendly manner. The basic information about the Bank in terms of Regulation 46 of the SEBI Listing Regulations is provided on Bank's website and the same is updated regularly.

## GENERAL SHAREHOLDER INFORMATION:

### Annual General Meeting

#### 6<sup>th</sup> Annual General Meeting

**Day and Date:** Thursday, September 29, 2022

**Time:** 12:00 P.M (Noon)

**Venue:** Through Video-Conferencing or Other Audio-Visual Means

### Financial calendar

Financial Year: The financial year of the Bank is from April 01 to March 31 of the following year.

## FINANCIAL CALENDER

### (April 1, 2022 to March 31, 2023)

|                                                                                                    |                                                                                           |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| Board Meeting for consideration of accounts for FY 2021-22                                         | May 16, 2022                                                                              |
| Dispatch of Annual Reports by electronic mode                                                      | September 07, 2022                                                                        |
| Date, Time and Venue of the 6 <sup>th</sup> AGM                                                    | September 29, 2022, 12:00 Noon (IST), through Video Conferencing/Other Audio-Visual Means |
| Dividend Payment Date                                                                              | NA                                                                                        |
| Board Meeting for considering unaudited results for first three quarters of financial year 2022-23 | Within 45 days from the end of each quarter                                               |

## DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of the SEBI Listing Regulations, your Bank has formulated a Dividend Distribution Policy, which ensures a fair balance between rewarding its Shareholders and retaining enough capital for the Bank's future growth.

The Policy is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757567\\_dividenddistributionpolicy.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757567_dividenddistributionpolicy.pdf)

## STOCK EXCHANGES WHERE SHARES OF THE BANK ARE LISTED

The equity shares of the Bank are listed at the following stock exchanges and the annual fees for financial year 2021-22 have been paid:

| Sr. No. | NAME AND ADDRESS OF THE STOCK EXCHANGE                                                                                                    | STOCK CODE |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 1       | BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.                                                               | 543386     |
| 2       | The National Stock Exchange of India Limited, Exchange Plaza, 5 <sup>th</sup> Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. | FINOPB     |

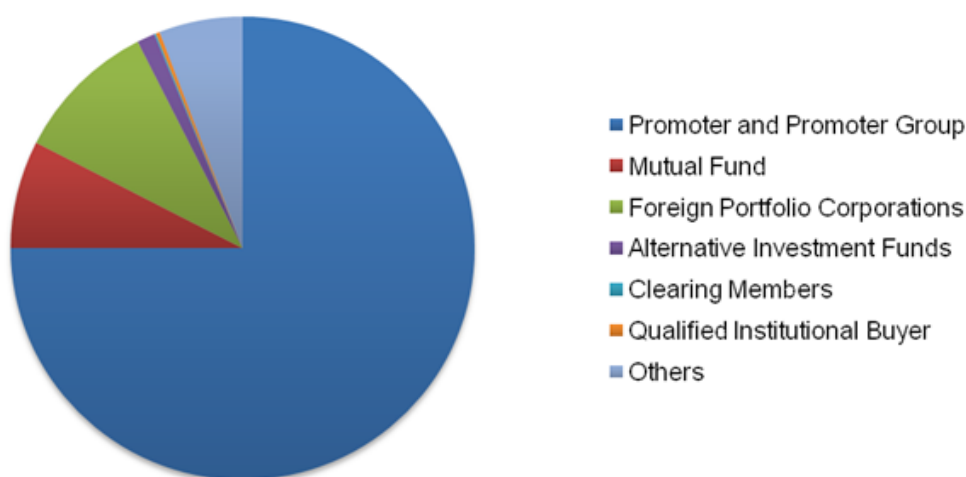
Names of Depositories for dematerialization of equity shares (ISIN: INE02NC01014)

- National Securities Depository limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

The Bank's share capital consists of only one class of equity shares having face value of Rs.10 each, and the Bank has not issued any other class of shares.

**Distribution of Shareholding as on March 31, 2022 (By Ownership)**

| Sr. No. | Name of the shareholder        | No. of shares held | % to share capital |
|---------|--------------------------------|--------------------|--------------------|
| 1.      | Promoter and Promoter Group    | 6,24,11,997        | 75.00              |
| 2.      | Mutual Fund                    | 62,64,488          | 7.53               |
| 3.      | Foreign Portfolio Corporations | 83,23,535          | 10.00              |
| 5.      | Alternative Investment Funds   | 10,36,530          | 1.25               |
| 6.      | Clearing Members               | 87,812             | 0.11               |
| 7.      | Qualified Institutional Buyer  | 2,34,468           | 0.28               |
| 8.      | Others                         | 48,55,472          | 5.83               |
|         | <b>Total</b>                   | <b>8,32,14,302</b> | <b>100.00</b>      |

**Distribution of Shareholding**

**Distribution of Shareholding as on March 31, 2022 (By Size)**

| Category (Shares) | No. of Holders | % to Holders  | No. of Equity Shares | % to Equity   |
|-------------------|----------------|---------------|----------------------|---------------|
| 1 - 5000          | 88,896         | 99.91         | 43,47,914            | 5.22          |
| 5001 - 10000      | 28             | 0.03          | 2,00,110             | 0.24          |
| 10001 - 20000     | 7              | 0.01          | 1,02,483             | 0.12          |
| 20001 - 30000     | 3              | 0.00          | 76,526               | 0.09          |
| 30001 - 40000     | 3              | 0.00          | 1,02,000             | 0.12          |
| 40001 - 50000     | 2              | 0.00          | 91,700               | 0.11          |
| 50001 - 100000    | 5              | 0.01          | 4,04,154             | 0.49          |
| 100001 & above    | 30             | 0.03          | 7,78,89,415          | 93.60         |
| <b>Total</b>      | <b>88,974</b>  | <b>100.00</b> | <b>8,32,14,302</b>   | <b>100.00</b> |

**Top Ten Equity Shareholders as on March 31, 2022**

| Sr. No. | Name                                                                                                      | No. of shares held | % to share capital |
|---------|-----------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 1       | Fino Paytech Limited*                                                                                     | 6,24,11,997        | 75.00              |
| 2       | Fidelity Funds - India Focus Fund                                                                         | 17,50,273          | 2.10               |
| 3       | Aditya Birla Sun Life Trustee Private Limited A/C                                                         | 17,30,404          | 2.08               |
| 4       | Motilal Oswal Flexi Cap Fund/ Dynamic Fund/ Multi Asset fund                                              | 17,20,876          | 2.07               |
| 5       | Fidelity Funds-Pacific Funds                                                                              | 17,11,851          | 2.06               |
| 6       | Tata Large Cap Fund/ Banking Financial Services/ Flexi Cap Fund/Retirement Savings Fund/ Progressive Plan | 15,13,417          | 1.82               |
| 7       | Steinberg India Emerging Opportunities Fund Limited                                                       | 13,00,000          | 1.56               |
| 8       | HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies                                     | 11,29,405          | 1.36               |
| 9       | Invesco India ESG Equity Fund/ Multi Cap Fund                                                             | 8,44,791           | 1.02               |
| 10      | Societe Generale - ODI                                                                                    | 7,00,374           | 0.84               |

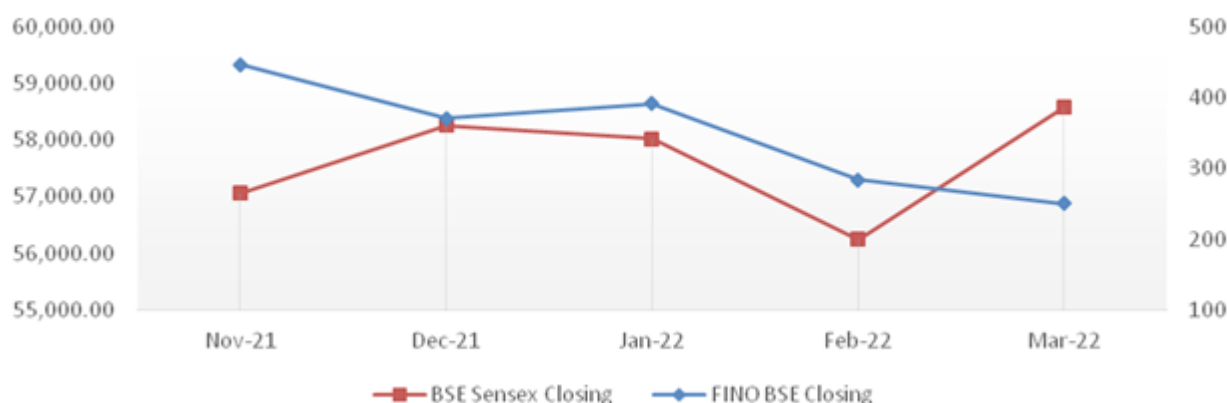
\*This includes twelve equity shares held by six nominees of Fino Paytech Limited

## MARKET PRICE DATA

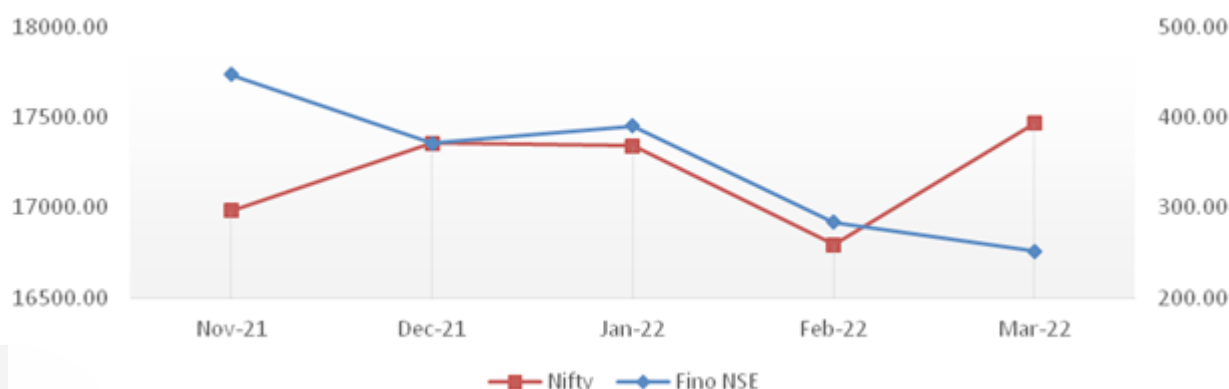
The monthly high and low quotation of Bank's equity shares traded on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) during FY 2021-22 and its performance vis-à-vis BSE SENSEX and S&P CNX NIFTY, respectively is as under:

| BSE    |        |        |                 | National Stock Exchange of India Ltd |        |        |                 |
|--------|--------|--------|-----------------|--------------------------------------|--------|--------|-----------------|
| Month  | High   | Low    | Monthly Volumes | Month                                | High   | Low    | Monthly Volumes |
| Nov-21 | 583.35 | 366.45 | 14,46,950       | Nov-21                               | 582.95 | 366.15 | 1,95,31,628     |
| Dec-21 | 451.40 | 360.00 | 7,74,261        | Dec-21                               | 452.00 | 366.55 | 49,04,988       |
| Jan-22 | 429.00 | 368.20 | 3,42,008        | Jan-22                               | 429.00 | 371.00 | 36,90,929       |
| Feb-22 | 402.90 | 246.00 | 4,77,577        | Feb-22                               | 403.15 | 210.05 | 45,28,996       |
| Mar-22 | 299.00 | 247.15 | 4,27,786        | Mar-22                               | 294.50 | 250.00 | 28,78,509       |

**Performance of Equity Shares of the Bank Listed at BSE with Sensex**



**Performance of Equity Shares of the Bank Listed at NSE with NIFTY**



## STATEMENT OF DEMATERIALISATION

As on March 31, 2022, 100% of the paid-up equity share capital of the Bank was held in dematerialised form.

## OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Bank does not have any Outstanding GDRs/ ADRs/ Warrants or any other convertible instruments as on date.

## COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND COMMODITY HEDGING ACTIVITIES

The Bank has a Board approved Market Risk Management Policy, which define processes whereby the market risks inherent to activities being undertaken by the Bank can be identified, quantified and managed within a market risk framework and is consistent with the Bank's mandate and risk tolerance limits. The Bank does not offer commodity hedging products, Foreign Exchange Rate (Forex) Risk and Equity Price Risk. The Bank did not exceed any of the Board approved risk limits during the period under review.

## PLANT LOCATION

As the Bank is engaged in the business of banking / financial services, the Bank does not have any plant location.

## SHARE TRANSFER PROCESS AND SYSTEM

During financial year 2021-22, KFin Technologies Limited, RTA of the Bank ensured compliance with all the procedural requirements with respect to transfer, transmission and transposition of shares and formalities with respect to name deletion, sub-division, consolidation, renewal, exchange and endorsement of share certificates.

SEBI has mandated that securities of listed companies can be transferred only in dematerialised form. Accordingly, the Bank / its RTA are not accepting any lodgement of transfer of shares in physical form. Transfers in electronic form are much simpler and quicker as the members have to approach their respective depository participants and the transfers are processed by NSDL/ CDSL, as the case may be, with no requirement of any separate communication to be made to the Bank.

The Bank has a Stakeholders' Relationship and Customer Service Committee for redressing complaints and queries raised by shareholders, investors and customers, from time to time.

The Bank's shares are compulsorily traded in dematerialised mode. A yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Practising Company Secretary and a copy of same is filed with the Stock Exchanges. As required by SEBI, Reconciliation of Share Capital Audit is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, inter-alia, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/ paid-up equity capital of the Bank. Certificates issued in this regard are filed with Stock Exchanges on a quarterly basis.

## SHAREHOLDERS' HELPDESK/ ADDRESS FOR CORRESPONDENCE

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents.

For lodgement of transfer deeds, if any, and any other documents or for any grievances / complaints, shareholders / investors may contact at the following address:

### 1. Details of the Registrar and Share Transfer Agent

KFin Technologies Limited  
(Unit: Fino Payments Bank Limited)  
Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032, Telangana, India.  
Tel: +91 40 6716 2222/ 7961 1000  
Toll Free: 1800 309 4001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

#### Shareholders' Helpdesk Timings:

Between Monday to Friday (except on Bank holidays)

Tel: +91 40 6716 2222/ 7961 1000

Toll Free: 1800 309 4001

E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

### 2. Details of the Company Secretary and Compliance Officer of the Bank

Mr. Basavraj Loni  
Address: Mindspace Juinagar, 8<sup>th</sup> Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane, Maharashtra-400706.  
Te: 022-710477000  
Email: [cs@finobank.com](mailto:cs@finobank.com)  
Website: [www.finobank.com](http://www.finobank.com)

## OTHER DISCLOSURES

### RELATED PARTY TRANSACTIONS

During the year under review, the Bank has entered into transactions with the related parties in the ordinary course of business. The Bank has not entered into any materially significant transactions with the related parties, which could lead to a potential conflict of interest between the Bank and these parties. Transactions with related parties were placed before the Audit Committee for approval. There were no material transactions with related parties, which were not in the ordinary course of business, nor were there any material transactions, which were not at an arm's length basis.

Details of related party transactions entered into during the year ended March 31, 2022 are given in 'Notes to Accounts' in accordance with Accounting Standard (AS) - 18.

The Bank has put in place a policy to deal with related party transactions and the same has been made available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661757749\\_RPTPolicyRevised.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661757749_RPTPolicyRevised.pdf)

### PENALTIES AND STRICTURES FOR LAST THREE FINANCIAL YEARS

During the last 3 years, there were no instances of non compliance by the Bank or any penalties and/ or strictures imposed on the Bank by RBI or Stock Exchanges or any other statutory authority on any matter relating to Capital Market.

### WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The details of establishment of whistle blower policy / vigil mechanism are furnished in the Boards' Report which may be referred to. None of the Bank's personnel have been denied access to the Audit Committee.

### TRANSACTIONS OF SENIOR MANAGEMENT

The members of the Senior Management of the Bank have affirmed that they have not entered into any material, financial or commercial transaction wherein they have personal interest and which may potentially conflict with the interest of the Bank at large.

### DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A) OF SEBI LISTING REGULATIONS

During the year under review, the Bank has not raised any funds through Preferential Allotment or Qualified Institutions Placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.



## COMPLIANCE WITH MANDATORY REQUIREMENTS OF SEBI LISTING REGULATIONS

The Bank is in compliance with all the applicable mandatory requirements prescribed under the SEBI Listing Regulations.

| Reg. No. | Particulars                                                                                                        | Status of compliance |
|----------|--------------------------------------------------------------------------------------------------------------------|----------------------|
| 17       | Requirements pertaining to the Board of Directors                                                                  | Compliant            |
| 17A      | Maximum number of Directorship                                                                                     | Compliant            |
| 18       | Requirements pertaining to the Audit Committee                                                                     | Compliant            |
| 19       | Requirements pertaining to Nomination and Remuneration Committee                                                   | Compliant            |
| 20       | Requirements pertaining to Stakeholders Relationship Committee                                                     | Compliant            |
| 21       | Requirements pertaining to Risk Management Committee                                                               | Compliant            |
| 22       | Requirements pertaining to Vigil Mechanism                                                                         | Compliant            |
| 23       | Requirements pertaining to Related Party Transactions                                                              | Compliant            |
| 24       | Corporate governance requirements with respect to subsidiary of listed entity                                      | NA                   |
| 24A      | Requirements pertaining to Secretarial Audit and Secretarial Compliance Report                                     | Compliant            |
| 25       | Obligations with respect to Independent Directors                                                                  | Compliant            |
| 26       | Obligations with respect to employees including senior management, key managerial persons, directors and Promoters | Compliant            |
| 27       | Requirements pertaining to other Corporate Governance requirements                                                 | Compliant            |
| 46       | Requirements pertaining to the dissemination of certain information under a separate section on the website        | Compliant            |

## COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

In addition, the Bank also adhere and comply with following discretionary requirements specified under regulations 27(1) and Part E of Schedule II of SEBI Listing Regulations to the extent applicable:

### a) Board of Directors

Pursuant to Section 10-A (2)(a) of the Banking Regulation Act, 1949, none of the Directors, other than the whole-time directors, is permitted to hold office continuously for a period exceeding eight (8) years. All the Independent Directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the Independent Directors fulfil conditions specified in these regulations and are independent of the management.

### b) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's Auditors Reports. The Bank continues to adopt best practices to ensure regime of unmodified financial statements.

### c) Separate posts of Chairperson and Managing Director/ CEO

Mr. Mahendra Kumar Chouhan has been the Part-time Chairman of the Bank and Mr. Rishi Gupta is the Managing Director & Chief Executive Officer of the Bank. However, Mr. Mahendra Kumar Chouhan ceased to be the Part-time Chairman and Independent Director of the Bank w.e.f. May 01, 2022 due to completion of his tenure.

### d) Reporting of Internal Auditor

The Internal Auditor of the Bank reports to the Audit Committee of the Bank.

## ACCOUNTING TREATMENT

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 Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies(Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

## CREDIT RATING

The details of all credit ratings obtained by the Bank are furnished in the Boards' Report which may be referred to.

## RECOMMENDATION OF COMMITTEE NOT ACCEPTED BY BOARD

During the year under review, the Board accepted all the recommendations of the Committees.

## DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Bank has zero tolerance towards sexual harassment at workplace and has in place Anti Sexual Harassment Policy in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Your Bank has constituted Internal Complaints Committee (IC) to review, investigate and take suitable actions on the complaints related to sexual harassment. The details of complaints received and resolved during the financial year under review by IC is given below

|                                                             |   |
|-------------------------------------------------------------|---|
| Number of complaints filed during financial year 2021-22    | 0 |
| Number of complaints disposed during financial year 2021-22 | 0 |
| Number of cases pending as on March 31, 2022                | 0 |

#### **CERTIFICATE UNDER REGULATION 34 OF SEBI LISTING REGULATIONS**

None of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as director of the Bank by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any other statutory authority. A certificate to this effect has been provided by M/s. DM & Associates Company Secretaries LLP (FRN: L2017MH003500), Secretarial Auditor and the same is enclosed as an **Annexure A**

#### **CODE OF CONDUCT**

The Bank has framed and adopted a Code of Conduct, which is approved by the Board. The Code is applicable to all directors and senior management personnel of the Bank. The Code of Conduct is available on the Bank's website at [https://www.finobank.com/uploads/pages/corporate-governance/1661755215\\_9c0cb0dsrmanagm entn.pdf](https://www.finobank.com/uploads/pages/corporate-governance/1661755215_9c0cb0dsrmanagm entn.pdf). All the Directors and senior management personnel have affirmed compliance with the Code of Conduct / Ethics as approved and adopted by the Board. The declaration to this effect is enclosed as an **Annexure B**

#### **FEES FOR STATUTORY CENTRAL AUDITORS**

The details of total fees for all services paid by the Bank to the Statutory Central Auditor and all entities in the network firm/ network entity of which the Statutory Central Auditor is provided in the Boards' Report.

#### **SHARES LYING IN DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT**

The Bank does not have any share lying in the De-mat Suspense Account/ Unclaimed Suspense Account.

#### **CEO AND CFO CERTIFICATION**

A Certificate issued by Mr. Rishi Gupta, Managing Director & CEO and Mr. Ketan Merchant, Chief Financial Officer of the Bank, in terms of Regulation 17(8) of the SEBI Listing Regulations for the year under review was placed before the Board of Directors and is enclosed as an **Annexure C**

#### **COMPLIANCE CERTIFICATE**

Pursuant to Regulation 17(3) of SEBI Listing Regulations, a quarterly confirmation on laws applicable to the Bank confirming compliances with all applicable laws, is placed before the Audit Committee and Board, on a quarterly basis.

#### **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

In accordance with Schedule V of the SEBI Listing Obligations, the Secretarial Auditor's Certificate on Corporate Governance is enclosed as an **Annexure D**.

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

Suresh Kumar Jain  
Independent Director  
DIN: 05103064

Rishi Gupta  
Managing Director & CEO  
DIN: 01433190

Date : July 27, 2022  
Place : Navi Mumbai

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the  
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
The Members of  
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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of FINO PAYMENTS BANK LIMITED having CIN: L65100MH2007PLC171959 and having its Registered Office at MindSpace Juinagar, 8th Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar Navi Mumbai Thane - 400706 (hereinafter referred to as 'the Bank') and also the information provided to us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov](http://www.mca.gov). in as considered necessary and explanations furnished to us by the Bank & its officers, we hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr No. | Name of Director                       | DIN      | Date of Appointment |
|--------|----------------------------------------|----------|---------------------|
| 1      | Mr. Mahendrakumar Chouhan <sup>1</sup> | 00187253 | 02/05/2017          |
| 2      | Mr. Suresh Kumar Jain                  | 05103064 | 16/01/2019          |
| 3      | Dr. Punita Kumar Sinha <sup>2</sup>    | 05229262 | 02/05/2017          |
| 4      | Mrs. Deena Asit Mehta                  | 00168992 | 19/03/2020          |
| 5      | Mr. Rajat Kumar Jain                   | 00046053 | 02/11/2020          |
| 6      | Mr. Avijit Churamoni Saha              | 05102009 | 18/05/2018          |
| 7      | Mr. Ravi Subbaiah Pagadala             | 08183038 | 22/05/2019          |
| 8      | Mr. Amit Jain <sup>3</sup>             | 06917608 | 02/05/2017          |
| 9      | Mr. Rishi Gupta                        | 01433190 | 23/06/2007          |

1. Mr. Mahendra Kumar Chouhan ceased to be Director of the Bank w.e.f. May 1, 2022 due to completion of his tenure.

2. Dr. Punita Kumar-Sinha ceased to be Director of the Bank w.e.f. May 1, 2022 due to completion of her tenure.

3. Mr. Amit Jain resigned as Director of the Bank w.e.f. May 25, 2021.

**Note:**

Mr. Prakash Kulathu Iyer was appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. June 01, 2022 by the Board.

Ensuring the eligibility of/for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Mumbai  
Date : 07-07-2022

**Signature:**

Name: Dinesh Deora - Partner  
Membership No.: FCS 5683  
CP No.: 4119  
UDIN: F005683D000580510  
P.R. Certificate No.: 758/2020

## DECLARATION

I confirm that for the year under review, all Directors and senior management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

For **Fino Payments Bank Limited**

**Rishi Gupta**

Managing Director & CEO

Date: 15.05.2022

## CEO/CFO Certificate

**[Pursuant to Regulation 17(8) read with Part B of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of their knowledge and belief:
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee
  - significant changes in internal control over financial reporting during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.

For **Fino Payments Bank Limited**

**Rishi Gupta**

Managing Director & CEO

Date: 15.05.2022

For **Fino Payments Bank Limited**

**Ketan Merchant**

Chief Financial Officer

Date: 15.05.2022

## CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,  
The Members of  
**FINO PAYMENTS BANK LIMITED**

We have examined the compliance of conditions of corporate governance by FINO PAYMENTS BANK LIMITED ("the Bank") for the year ended March 31, 2022, as prescribed in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

We state that the Compliance of the conditions of Corporate Governance is the responsibility of the Management and our examination was limited to a review of procedures and implementation thereof, adopted by the Bank for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the examination of relevant records and the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of SEBI Listing Regulations.

We further state that such compliance is neither an assurance as to future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

**FOR DM & ASSOCIATES COMPANY SECRETARIES LLP**  
**COMPANY SECRETARIES**

**DINESH DEORA**  
**PARTNER**  
**Membership No.: FCS 5683**  
**COP No.: 4119**  
**UDIN: F005683D000580611**  
**P.R. Certificate No.:758/2020**

Place: Mumbai  
Date: 07-07-2022

# Business Responsibility Report

## Section A: General Information About the Company

- **Corporate Identity Number (CIN) of the Company**

L65100MH2007PLC171959

- **Name of the Company**

Fino Payments Bank Limited

- **Registered Address**

Mindspace Juinagar, 8th Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane - 400706

- **Website**

www.finobank.com

- **E-mail id**

cs@finobank.com

- **Financial Year Reported**

FY 2021-22

- **Sector(s) that the Company is engaged in (industrial activity code-wise)**

64191

- **List three key products/services that the Company manufactures/provides**

- Account Opening
- Micro ATMs , AePS
- Cash Management Services

- **Total number of locations where business activity is undertaken by the Company**

# Business Responsibility Report

- **Number of International Locations (Provide details of major 5)**

We do not have any international presence

- **Number of National Locations**

As of March 31, 2022, the Bank had a nationwide distribution network and we are present in 90% of India's districts

We have 42 branch locations, 111 Customer Service Points and 10.2Lac points where we offer banking services

- **Markets served by the Company - Local/State/National/International**

All

## Section B: Financial Details of the Company

- **Paid up Capital (INR)**

₹832,143,020

- **Total Turnover (INR)**

₹1008.9 crore

- **Total profit after taxes (INR)**

₹42.7 crore

- **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

NA.

- **List of activities in which expenditure in 4 above has been incurred**

NA.

## Section C: Other Details

- **Does the Company have any Subsidiary Company/ Companies?**

No.

- **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Not Applicable.

- **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

No.



# Business Responsibility Report

## Section D: BR Information

|                                                                                                     |                           |
|-----------------------------------------------------------------------------------------------------|---------------------------|
| <b>1. Details of Director/Directors responsible for BR</b>                                          |                           |
| <b>a) Details of the Director/Director responsible for implementation of the BR policy/policies</b> |                           |
| <b>DIN Number (if applicable)</b>                                                                   | 01433190                  |
| <b>Name</b>                                                                                         | Rishi Gupta               |
| <b>Designation</b>                                                                                  | MD & CEO                  |
| <b>b) Details of the BR head</b>                                                                    |                           |
| <b>DIN Number (if applicable)</b>                                                                   |                           |
| <b>Name</b>                                                                                         | Anand Bhatia              |
| <b>Designation</b>                                                                                  | CMO                       |
| <b>Telephone number</b>                                                                             |                           |
| <b>e-mail ID</b>                                                                                    | anand.bhatia@finobank.com |

|                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)</b>              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>The 9 principles outlined in the National Voluntary Guidelines are as follows:</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| P1                                                                                    | The Bank's guidelines on anti-bribery and anti-corruption, transparency and ethical behaviour form a part of our Code of Conduct and Ethics Manual.                                                                                                                                                                                                                                                                                                                            |
| P2                                                                                    | The Bank has an Environment Policy in place. The policy emphasizes on sustainable procurement practices and promoting energy efficiency in its operations. Also, considering the nature of our business, this principle has limited applicability for the sector. The Bank also has a Board governed Environmental Social & Governance (ESG) policy framework that acts as a guiding document for the Bank's ESG practices.                                                    |
| P3                                                                                    | The Bank's Code of Conduct and Ethics Manual details policies for Equal Opportunity and Prohibition of Sexual Harassment at the workplace. The Bank also has a Policy on Sexual Harassment.                                                                                                                                                                                                                                                                                    |
| P4                                                                                    | The Bank adheres to the RBI guidelines on Priority Sector Lending and Financial Inclusion, which are aimed at marginalised and vulnerable stakeholders.                                                                                                                                                                                                                                                                                                                        |
| P5                                                                                    | The Bank's Code of Conduct and Ethics Manual details a policy on Respect for Human Rights, which adheres to the principles in the United Nations' Universal Declaration of Human Rights.                                                                                                                                                                                                                                                                                       |
| P6                                                                                    | The Bank's Board governed Environment Policy incorporates elements of environmental performance, risk assessment & monitoring and governance & implementation. The Social and Environmental Management System (SEMS) screens and monitors loans to identify associated social and environmental risks. As part of its Code of Conduct and Ethics Manual, the Bank encourages its employees to avoid natural resource wastage and be committed to safeguarding the environment. |
| P7                                                                                    | The Bank does not take part in any lobbying or policy advocacy.                                                                                                                                                                                                                                                                                                                                                                                                                |
| P8                                                                                    | The Bank has a Board governed CSR policy which guides all its CSR activities and includes activities that it undertakes for marginalized and vulnerable stakeholders. While there is no formal policy in place specifically for equitable growth and development, the Bank's flagship Sustainable Livelihood Initiative (SLI) aims at achieving this objective.                                                                                                                |

# Business Responsibility Report

## 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The 9 principles outlined in the National Voluntary Guidelines are as follows:

p9

The Bank's Code of Conduct and Ethics Manual details policies to ensure privacy and confidentiality of customers' data, to provide products and services which offer value in terms of price and quality and meet the applicable standards / guidelines as decided by the regulator and other authorities and to provide reliable and meaningful information without making exaggerated claims about its products and services. The policies addressing this principle include the Customer Compensation Policy, Grievance Redressal Policy, and the Customer Acceptance, Customer Care and Customer Severance Policy.

| Questions                                                                                                                              | P1              | P2               | P3 | P4    | P5  | P6  | P7  | P8  | P9                                |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|----|-------|-----|-----|-----|-----|-----------------------------------|
| Do you have policies for?                                                                                                              | Y               | N                | Y  | NA-P4 | NA  | NA  | NA  | Y   | Y                                 |
| Has the policy been formulated in consultation with the relevant stakeholders?                                                         | Y<br>(internal) | NA<br>(BAU work) | Y  | NA    | NA  | NA  | NA  | NA  | Y                                 |
| Does the policy conform to any national /international standards? If yes, specify?                                                     | Y               | NA               | Y  | NA    | NA  | NA  | NA  | NA  | Y.<br>It is as per RBI guidelines |
| Is it a Board approved policy?                                                                                                         | Y               | NA               | Y  | NA    | NA  | NA  | NA  | NA  | Y                                 |
| If yes, has it been signed by MD/owner/CEO/appropriate Board Director?                                                                 | Y               | NA               | Y  | NA    | NA  | NA  | NA  | NA  | Y                                 |
| Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?                | Y               | NA               | Y  | NA    | NA  | NA  | NA  | NA  | Y                                 |
| Indicate the link for the policy to be viewed online                                                                                   | P1              | NA               | P3 | P4    | P5  | P6  | P7  | P8  | Y                                 |
| Has the policy been formally communicated to all relevant internal and external stakeholders?                                          | Y<br>(internal) | NA               | Y  | NA    | NA- | NA- | NA  | NA  | Y                                 |
| Does the company have an in-house structure to implement the policy?                                                                   | Y               | -NA              | Y  | NA-   | NA  | NA  | NA- | NA- | Y                                 |
| Does the Company have a grievance redressal mechanism related to the policy to address stakeholders' grievances related to the policy? | Y               | NA               | Y  | NA    | NA  | NA  | NA  | NA  | Y                                 |
| Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?             | NA              | -NA              | Y  | NA-   | NA  | NA  | NA- | NA- | Y                                 |

# Business Responsibility Report

## Web-link for the policy:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| P1, P3 - HR policy on code of conduct is available on the website                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| P4 - We do not lend and the points highlighted in P4 are anyways a part of our business model hence no specific policy etc drives it. Hence the answer to most points in the table is NA                                                                                                                                                                                                                                                                                                                                                            |
| P5 - There is no specific policy which covers human rights as per UN guidelines. Hence NA                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| P6 - By virtue of our business model we are operating an environmentally friendly ecosystem. Hence no specific initiatives beyond BAU activities to address global environmental issues                                                                                                                                                                                                                                                                                                                                                             |
| P7- We are not a part of any lobby group hence NA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| P8 - CSR policy is available on the website                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| P9 - Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy<br><br><a href="https://www.finobank.com/uploads/pages/notice-board/1641275931_CustomerServicePolicy.pdf">https://www.finobank.com/uploads/pages/notice-board/1641275931_CustomerServicePolicy.pdf</a> ,<br><br><a href="https://www.finobank.com/uploads/pages/notice-board/1641204522_customergrievancepolicyv4.pdf">https://www.finobank.com/uploads/pages/notice-board/1641204522_customergrievancepolicyv4.pdf</a> |

**2a. If answer to S.No. 1 of the annexure against any principle, is 'No', the reasons for the same have also been mentioned therein.**

### • Governance Related to BR

The Board ensures Business Responsibility at the Bank and comprises of 8 directors, of which 1 is Executive Directors, 2 are Nominee Directors and the remaining 5 are Independent Directors.

### • Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors annually assesses the performance of the Bank's Business Responsibility

### • Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is our 1st BR . It will be published on our website subsequently.

## Section E: Principle-wise Performance

### Principle 1: Ethics, Transparency and Accountability

#### • Does the policy relating to ethics, bribery and corruption cover only the company?

The Bank adopts the highest governance standards to ensure protection of all stakeholder interests. All the employees are expected to adhere to the ethical principles detailed out in The Bank's Code of Conduct and Ethics. The code encompasses aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption and is applicable to all the employees of the Bank.

#### • Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

No

#### • How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?.

NA

# Business Responsibility Report

## Principle 2: Sustainable Products and Services

- **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

As India's leading Payments Bank, we have always stayed strong in our commitment to positively impact the environment, our customers, employees, and the community at large. Our core values have guided our ESG practices, which seek to drive growth and empower communities through our corporate decision-making processes.

- The Bank as part of its business practice provides door step / near door step service to its customers, by virtue of which the customer does not need to travel far for his / her banking needs, making a huge impact on carbon emissions as travel is cut down
- The business model envisages providing sustainable employment from within the residents of the local area and leveraging the existing infrastructure, thereby reducing carbon foot print of creating offices and travel of employees
- The business model of the bank is completely paper less and fully digitised and hence avoiding the use of paper and saving trees in the environment
- The business model of the bank uses digital assets rather than physical assets for the authentication and processing of transactions and hence reducing carbon foot prints

- **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Being asset light, paper free we do not measure resource use.

- **Does the company have procedures in place for sustainable sourcing (including transportation)?**

Being a paperless bank our sourcing is largely tech driven. And we have mechanisms for ensuring sustainability in place -

- Incorporating energy efficient building designs where ever applicable
- Implementing automated energy management solutions to reduce energy consumption
- Retrofitting existing high energy consuming devices and equipment to maximize performance while consuming less electricity
- Incorporating energy efficiency at our data centres, by reducing server rack space, using Lithium ion batteries in UPS devices

- **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

No. This is not applicable to the type of suppliers the Bank engages with.

- **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

The waste generated by the Bank is primarily e-waste (for e.g. computers, monitors, modems, switches, laptops, scanners, routers, printers, and UPS systems). This electronic waste generated by the Bank will continue to be disposed through authorized personnel. The Bank will ensure that no hazardous electronic waste is sent from the Bank to the landfill.

## Principle 3: Employee Well Being

- **Total number of employees.**

The total number of employees of Fino Payments Bank as on 31st March 2022 : 2893

- **Total number of employees hired on temporary/contractual/casual basis.**

The total number employees hired on contract for FY 2020-21 were 285.

# Business Responsibility Report

- **Number of permanent women employees.**

The Total number of permanent women employees as on 31st March 2022 : 243

- **Number of permanent employees with disabilities**

Fino Payments Bank is a fair employer and does not discriminate amongst its employees. Therefore, the Bank does not track this information.

- **Do you have an employee association that is recognised by management?**

NA.

- **What percentage of your permanent employees is members of this recognized employee association?**

NA.

- **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

There have been no complaints on child, forced or involuntary labour or Sexual Harassment.

- **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

All the Bank's employees have been covered through the Bank's extensive set of training programmes delivered through classroom or e-learning modules.

## **Principle 4: Valuing Marginalised Stakeholders**

- **Has the company mapped its internal and external stakeholders?**

As a brand we are focused on working with the underserved wrt banking services. The roles of internal and external stakeholders in doing this is well understood.

- **Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?**

We do not specifically identify these segments.

- **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

By design our ecosystem is accessible to everyone.

## **Principle 5: Human Rights**

- **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

We do not have such a policy.

- **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

NA.

## **Principle 6: Environment**

- **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?**

As of now we do not have a policy with respect to this

- **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?**

By virtue of our business model we are operating in an environmentally friendly ecosystem. Hence no specific initiatives beyond BAU activities to address global environmental issues.

# Business Responsibility Report

- **Does the company identify and assess potential environmental risks?**

NA.

- **Does the company have any project related to Clean Development Mechanism?**

By virtue of our business model we are operating in an environmentally friendly ecosystem. Hence no specific initiatives beyond BAU activities to address global environmental issues.

- **Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N.**

By virtue of our business model we are operating in an environmentally friendly ecosystem. Hence no specific initiatives beyond BAU activities to address global environmental issues.

- **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Not Applicable.

- **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. None**

## **Principle 7: Policy Advocacy**

- **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Fino Payments Bank is a member of Payments Council of India (PCI) and ASSOCHAM (Associated Chambers of Commerce and Industry), but it does not engage in policy advocacy. The Bank is actively involved in consultation/discussion forums with the government and other bodies in the banking industry in taking public policy positions, but it has not lobbied through any association.

- **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

No.

## **Principle 8: Inclusive Growth**

- **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

Yes. The Bank endeavors to empower people to be self-employed and generate second income opportunities through our merchant model and contribute to the growth of the nation. The Bank is driven by the ideology of giving back to the society in a meaningful way.

- **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?**

NA.

- **Have you done any impact assessment of your initiative?**

NA.

- **What is your company's direct contribution to community development projects-amount in INR and the details of the projects undertaken?**

NA.

- **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

NA.

# Business Responsibility Report

## Principle 9: Customer Welfare

### • What percentage of customer complaints/consumer cases are pending as on the end of financial year?

1.05 % of the total customer complaints received by the Bank were pending as on 31st March 2022.

### • Does the company display product information on the product label, over and above what is mandated as per local laws?

The Bank displays the details of its financial products on the website. It also has presence on various social media platforms such as Facebook and Twitter to display the features of the products and services offered. The Bank ensures customers are empowered to make informed choices by providing details of the products and services in a transparent manner. It has also taken up multiple initiatives to improve customer awareness and financial literacy. The Bank also strives to ensure customer data privacy and security through robust information security systems.

### • Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as of end of financial year

No.

### • Did your company carry out any consumer survey/consumer satisfaction trends?

We conduct an NPS Survey every year. The results are shared with relevant stakeholders for implementation.



# 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, 2022, 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 Regulation 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, 2022, and 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.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Information Technology ("IT") Systems and Controls</b></p> <p>The Bank has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications.</p> <p>The reliability and security of IT systems plays a key role in the business operations of the Bank. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.</p> | <p><b>Our Audit procedures with respect to this matter included:</b></p> <ol style="list-style-type: none"><li>1. For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.</li><li>2. Obtained a comprehensive understanding of IT applications landscape implemented at the Bank. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology.</li><li>3. Key IT audit procedures included verification of design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes verification of key controls pertaining to backup, Batch processing (including interface testing), incident management and data centre security)), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed and authorized.</li><li>4. In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were verified on a test check basis using various techniques such as inquiry, review of documentation/record/reports, observation and re-performance. We have also verified few controls using negative testing technique.</li><li>5. Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant, changes made to the IT landscape during the audit period.</li></ol> |

### 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 audit 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 Annual 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 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 the 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.

with the provisions of the Act and the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2022 (current period) and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. 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.
3. 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 20 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, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 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 41 to the financial statements;
    - ii. The Bank has made provision as at March 31, 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Bank does not have any derivative contracts as at March 31, 2022;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank
  - iv.
    - 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) / entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (2) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any person(s) / entity(ies), including foreign entities, that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (3) Based on the audit procedures that we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above contain any material misstatement.

v. The Bank has neither declared nor paid any dividend during the year.

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 **M S K C & Associates**

**Chartered Accountants**

ICAI Firm Registration Number: 0015955

Padmashree Crasto

Partner

Membership No. 117156

UDIN: 22117156AJAZFB6335

Place: Navi Mumbai

Date: May 16, 2022

# 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 Auditors' Report]

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

### Opinion

We have audited the internal financial controls with reference to financial statements of Fino Payments Bank Limited ("the Bank") as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, 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, 2022, 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").

### 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. 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.

### Auditors' 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.

For **M S K C & Associates**

**Chartered Accountants**

ICAI Firm Registration Number: 0015955

Padmashree Crasto

Partner

Membership No. 117156

UDIN: 22117156AJZFB6335

Place: Navi Mumbai

Date: May 16, 2022

# Balance Sheet

## as at 31 March 2022

(Currency : Indian Rupees in thousands)

|                                                                                               | Schedule | As at<br>31 March 2022 | As at<br>31 March 2021 |
|-----------------------------------------------------------------------------------------------|----------|------------------------|------------------------|
| <b>CAPITAL AND LIABILITIES</b>                                                                |          |                        |                        |
| Capital                                                                                       | 1        | 832,143                | 445,800                |
| Employee Stock options outstanding                                                            |          | 31,857                 | -                      |
| Reserves and surplus                                                                          | 2        | 3,934,315              | 1,059,675              |
| Deposits                                                                                      | 3        | 5,006,873              | 2,428,362              |
| Borrowings                                                                                    | 4        | 2,496,554              | 1,807,977              |
| Other liabilities and provisions                                                              | 5        | 4,498,281              | 4,361,100              |
|                                                                                               |          | <b>16,800,023</b>      | <b>10,102,914</b>      |
| <b>ASSETS</b>                                                                                 |          |                        |                        |
| Cash and balances with Reserve Bank of India                                                  | 6        | 2,238,556              | 883,171                |
| Balances with banks and money at call and short notice                                        | 7        | 5,423,076              | 1,825,005              |
| Investments                                                                                   | 8        | 6,313,985              | 5,035,580              |
| Advances                                                                                      | 9        | 2,447                  | 1,317                  |
| Fixed assets                                                                                  | 10       | 927,485                | 642,180                |
| Other Assets                                                                                  | 11       | 1,894,474              | 1,715,661              |
|                                                                                               |          | <b>16,800,023</b>      | <b>10,102,914</b>      |
| Contingent liabilities                                                                        | 12       | 36,825                 | 40,136                 |
| Bills for collection                                                                          |          | -                      | -                      |
| The accompanying selected explanatory notes form an integral part of the financial statements | 17 & 18  |                        |                        |

As per our report of even date attached

### For M S K C & Associates

Chartered Accountants  
ICAI Firm Registration No: 0015955

### Padmashree Crasto

Partner  
Membership No: 117156

Place : Navi Mumbai  
Date : 16 May 2022

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

Fino Payments Bank Limited

### Rishi Gupta

Managing Director &  
Chief Executive Officer

### Basavraj Loni

Company Secretary & DVP - Legal

Place : Navi Mumbai  
Date : 16 May 2022

### Deena Mehta

Independent Director

### Ketan Merchant

Chief Financial Officer

# Profit and Loss Account for the year ended 31 March 2022

(Currency : Indian Rupees in thousands)

| PARTICULARS                                                   | Schedule | For the year ended<br>31 March 2022 | For the year ended<br>31 March 2021 |
|---------------------------------------------------------------|----------|-------------------------------------|-------------------------------------|
| <b>I INCOME</b>                                               |          |                                     |                                     |
| Interest earned                                               | 13       | 356,279                             | 202,549                             |
| Other income                                                  | 14       | 9,732,260                           | 7,707,721                           |
|                                                               |          | <b>10,088,539</b>                   | <b>7,910,270</b>                    |
| <b>II EXPENDITURE</b>                                         |          |                                     |                                     |
| Interest expended                                             | 15       | 153,061                             | 95,416                              |
| Operating expenses                                            | 16       | 9,508,070                           | 7,569,891                           |
| Provisions and contingencies                                  |          | -                                   | 40,220                              |
|                                                               |          | <b>9,661,131</b>                    | <b>7,705,527</b>                    |
| <b>III PROFIT/LOSS</b>                                        |          |                                     |                                     |
| Net profit /(loss) for the year                               |          | 427,408                             | 204,743                             |
| Profit/(loss) brought forward                                 |          | (3,036,229)                         | (3,189,786)                         |
|                                                               |          | <b>(2,608,821)</b>                  | <b>(2,985,043)</b>                  |
| <b>IV APPROPRIATIONS</b>                                      |          |                                     |                                     |
| Transfer to statutory reserve                                 |          | 106,852                             | 51,186                              |
| Transfer to Investment Fluctuation Reserve                    |          | 1,086                               | -                                   |
| Balance carried over to Balance Sheet                         |          | <b>(2,716,759)</b>                  | <b>(3,036,229)</b>                  |
| <b>EARNING PER EQUITY SHARE (Face value of ₹10 per share)</b> |          |                                     |                                     |
| <b>(Refer Note 40)</b>                                        |          |                                     |                                     |
| Basic (₹)                                                     |          | 5.34                                | 2.62                                |
| Diluted (₹)                                                   |          | 5.34                                | 2.62                                |
| 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 M S K C & Associates**

Chartered Accountants

ICAI Firm Registration No: 001595S

**Padmashree Crasto**

Partner

Membership No: 117156

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

Fino Payments Bank Limited

**Rishi Gupta**

Managing Director &  
Chief Executive Officer

**Deena Mehta**

Independent Director

**Basavraj Loni**

Company Secretary & DVP - Legal

**Ketan Merchant**

Chief Financial Officer

Place : Navi Mumbai

Date : 16 May 2022

Place : Navi Mumbai

Date : 16 May 2022

# Cash Flow Statement

## for the year ended 31 March 2022

(Currency : Indian Rupees in thousands)

| PARTICULARS                                                     | For the year ended<br>31 March 2022 | For the year ended<br>31 March 2021 |
|-----------------------------------------------------------------|-------------------------------------|-------------------------------------|
| <b>I Cash Flow from operating activities</b>                    |                                     |                                     |
| Net Profit/(Loss) for the Year before tax                       | 427,408                             | 204,743                             |
| Adjustments for:-                                               |                                     |                                     |
| Loss / (Profit) on Sale of Fixed Assets (Net)                   | 3,304                               | 6,374                               |
| Add : Non-Cash Expenditure                                      |                                     |                                     |
| Depreciation                                                    | 354,504                             | 535,834                             |
| Provision for doubtful debts and advances                       | -                                   | 40,220                              |
| Stock based compensation cost                                   | 31,857                              | -                                   |
| Gratuity                                                        | 25,550                              | 18,155                              |
| Compensated absence                                             | 11,881                              | 9,736                               |
| <b>Cash Flow before working capital changes</b>                 | <b>854,504</b>                      | <b>815,062</b>                      |
| Adjustments for working capital changes:-                       |                                     |                                     |
| <b><u>(Increase)/decrease in assets</u></b>                     |                                     |                                     |
| Advances                                                        | (1,130)                             | (294)                               |
| Investments                                                     | (1,278,405)                         | (3,752,879)                         |
| Other assets                                                    | (103,527)                           | (409,364)                           |
| <b><u>Increase/(decrease) in liabilities</u></b>                |                                     |                                     |
| Deposits                                                        | 2,578,511                           | 1,253,067                           |
| Other liabilities and provisions                                | 99,750                              | 1,677,120                           |
| Cash Flow from / (used in ) operating activities                | 2,149,703                           | (417,288)                           |
| Direct tax( paid)/received (net of refunds)                     | (75,286)                            | 95,059                              |
| <b>Net Cash Flow from / (used in ) operating activities (A)</b> | <b>2,074,417</b>                    | <b>(322,229)</b>                    |
| <b>II Cash Flow from investing activities</b>                   |                                     |                                     |
| Purchase of Fixed Asset (including capital work in progress)    | (643,543)                           | (690,385)                           |
| Sale of Fixed assets                                            | 430                                 | 921                                 |
| <b>Net Cash flow from / (used in) Investing activities (B)</b>  | <b>(643,113)</b>                    | <b>(689,464)</b>                    |
| <b>III Cash Flow from financing activities</b>                  |                                     |                                     |
| Net Proceeds from issue of equity shares                        | 2,833,575                           | -                                   |
| Increase in Borrowings                                          | 688,577                             | 700,074                             |
| <b>Net cash flow from financing activities (C)</b>              | <b>3,522,152</b>                    | <b>700,074</b>                      |



# Cash Flow Statement

## for the year ended 31 March 2022

(Currency : Indian Rupees in thousands)

| PARTICULARS                                                                                | For the year ended<br>31 March 2022 | For the year ended<br>31 March 2021 |
|--------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| IV <b>Net (decrease)/increase in cash and cash equivalents during the year (A + B + C)</b> | 4,953,456                           | (311,619)                           |
| V <b>Cash and cash equivalents at the beginning of the year</b>                            | 2,708,176                           | 3,019,795                           |
| VI <b>Cash and cash equivalents at the end of the year</b>                                 | <b>7,661,632</b>                    | <b>2,708,176</b>                    |
| <b>Notes to the Cash Flow Statement:</b>                                                   |                                     |                                     |
| Cash and cash equivalents includes the following:                                          |                                     |                                     |
| (i) Cash and balances with Reserve Bank of India (Refer Schedule 6)                        | 2,238,556                           | 883,171                             |
| (ii) Balances with banks and money at call and short notice (Refer Schedule 7)             | 5,423,076                           | 1,825,005                           |
| <b>Cash and cash equivalents at the end of the year</b>                                    | <b>7,661,632</b>                    | <b>2,708,176</b>                    |

As per our report of even date attached

### For M S K C & Associates

Chartered Accountants

ICAI Firm Registration No: 0015955

### Padmashree Crasto

Partner

Membership No: 117156

Place : Navi Mumbai

Date : 16 May 2022

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

Fino Payments Bank Limited

### Rishi Gupta

Managing Director &  
Chief Executive Officer

### Basavraj Loni

Company Secretary & DVP - Legal

Place : Navi Mumbai

Date : 16 May 2022

### Deena Mehta

Independent Director

### Ketan Merchant

Chief Financial Officer

# Schedules to the Financial Statements as at 31 March 2022

(Currency : Indian Rupees in thousands)

## 1 CAPITAL

| Particulars                                                      | As on<br>31 March 2022 | As on<br>31 March 2021 |
|------------------------------------------------------------------|------------------------|------------------------|
| <b>Authorised Capital</b>                                        |                        |                        |
| 85,000,000 ordinary equity shares of ₹10/- each                  | 850,000                | 850,000                |
| (previous year 85,000,000 ordinary equity shares of ₹ 10/- each) |                        |                        |
| <b>Issued, subscribed and paid-up capital</b>                    |                        |                        |
| 83,214,302 ordinary equity shares of ₹ 10/- each                 | 832,143                | 445,800                |
| (previous year 44,579,997 ordinary equity shares of ₹ 10/- each) |                        |                        |
| <b>TOTAL</b>                                                     | <b>832,143</b>         | <b>445,800</b>         |

## 2 RESERVES & SURPLUS

| Particulars                                                                                                 | As on<br>31 March 2022 | As on<br>31 March 2021 |
|-------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>1. Statutory Reserve</b>                                                                                 |                        |                        |
| (i) Opening balance                                                                                         | 51,186                 | -                      |
| (ii) Addition during the year                                                                               | 106,852                | 51,186                 |
| (iii) Deduction during the year                                                                             | -                      | -                      |
| <b>Total</b>                                                                                                | <b>158,038</b>         | <b>51,186</b>          |
| <b>2. Capital Reserve</b>                                                                                   |                        |                        |
| (i) Opening balance                                                                                         | -                      | -                      |
| (ii) Addition during the year                                                                               | -                      | -                      |
| (iii) Deduction during the year                                                                             | -                      | -                      |
| <b>Total</b>                                                                                                | <b>-</b>               | <b>-</b>               |
| <b>3. Revaluation Reserve</b>                                                                               |                        |                        |
| (i) Opening balance                                                                                         | -                      | -                      |
| (ii) Addition during the year                                                                               | -                      | -                      |
| (iii) Deduction during the year (Depreciation on revalued portion credited to Statement of Profit and Loss) | -                      | -                      |
| <b>Total</b>                                                                                                | <b>-</b>               | <b>-</b>               |
| <b>4. Share Premium</b>                                                                                     |                        |                        |
| (i) Opening balance                                                                                         | 4,044,718              | 4,044,718              |
| (ii) Addition during the year                                                                               | 2,948,007              | -                      |
| (iii) Deduction during the year (Refer Note : 15)                                                           | 500,775                | -                      |
| <b>Total</b>                                                                                                | <b>6,491,950</b>       | <b>4,044,718</b>       |
| <b>5. Revenue &amp; Other Reserves</b>                                                                      |                        |                        |
| (i) Opening balance                                                                                         | -                      | -                      |
| (ii) Addition during the year                                                                               | -                      | -                      |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

| Particulars                                    | As on<br>31 March 2022 | As on<br>31 March 2021 |
|------------------------------------------------|------------------------|------------------------|
| (iii) Deduction during the year                | -                      | -                      |
| <b>Total</b>                                   | -                      | -                      |
| <b>6. Investment Fluctuation Reserve</b>       |                        |                        |
| (i) Opening balance                            | -                      | -                      |
| (ii) Addition during the year                  | 1,086                  | -                      |
| (iii) Deduction during the year                | -                      | -                      |
| <b>Total</b>                                   | <b>1,086</b>           | -                      |
| <b>7. Balance in Profit &amp; Loss Account</b> | <b>(2,716,759)</b>     | <b>(3,036,229)</b>     |
| <b>TOTAL ( 1 to 7 )</b>                        | <b>3,934,315</b>       | <b>1,059,675</b>       |

## 3 DEPOSITS

| Particulars                                | As on<br>31 March 2022 | As on<br>31 March 2021 |
|--------------------------------------------|------------------------|------------------------|
| <b>A. 1. Demand deposits</b>               |                        |                        |
| i) From banks                              | -                      | -                      |
| ii) From others                            | 30,714                 | 16,301                 |
| <b>Total</b>                               | <b>30,714</b>          | <b>16,301</b>          |
| <b>2. Savings bank deposits</b>            | <b>4,976,159</b>       | <b>2,412,061</b>       |
| <b>3. Term deposits</b>                    |                        |                        |
| i) From banks                              | -                      | -                      |
| ii) From others                            | -                      | -                      |
| <b>Total</b>                               | -                      | -                      |
| <b>TOTAL ( 1 to 3 )</b>                    | <b>5,006,873</b>       | <b>2,428,362</b>       |
| <b>B. i. Deposits of branches in India</b> | <b>5,006,873</b>       | <b>2,428,362</b>       |
| ii. Deposits of branches outside India     | -                      | -                      |
| <b>TOTAL</b>                               | <b>5,006,873</b>       | <b>2,428,362</b>       |

## 4 BORROWINGS

| Particulars                           | As on<br>31 March 2022 | As on<br>31 March 2021 |
|---------------------------------------|------------------------|------------------------|
| <b>1. Borrowings in India</b>         |                        |                        |
| (i) Reserve Bank of India             | -                      | -                      |
| (ii) Other banks                      | 2,286,612              | 507,974                |
| (iii) Other institutions and agencies | 209,942                | 1,300,003              |
| (iv) Subordinated debt                | -                      | -                      |
| <b>Total</b>                          | <b>2,496,554</b>       | <b>1,807,977</b>       |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

| Particulars                                  | As on<br>31 March 2022 | As on<br>31 March 2021 |
|----------------------------------------------|------------------------|------------------------|
| 2. <b>Borrowings outside India</b>           | -                      | -                      |
| <b>TOTAL ( 1 + 2 )</b>                       | <b>2,496,554</b>       | <b>1,807,977</b>       |
| Secured Borrowings included in 1 and 2 above | 2,036,030              | 507,244                |

## 5 OTHER LIABILITIES AND PROVISIONS

| Particulars                       | As on<br>31 March 2022 | As on<br>31 March 2021 |
|-----------------------------------|------------------------|------------------------|
| 1. Bills payable                  | -                      | -                      |
| 2. Inter office adjustments (Net) | -                      | -                      |
| 3. Interest accrued               | 347                    | 198                    |
| 4. Others (including provisions)  | 4,497,934              | 4,360,902              |
| <b>TOTAL ( 1 to 4 )</b>           | <b>4,498,281</b>       | <b>4,361,100</b>       |

## 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA

| Particulars                            | As on<br>31 March 2022 | As on<br>31 March 2021 |
|----------------------------------------|------------------------|------------------------|
| 1. Cash in hand                        | 96,466                 | 63,867                 |
| 2. Balances with Reserve Bank of India |                        |                        |
| (i) In current account                 | 2,142,090              | 819,304                |
| (ii) In other accounts                 | -                      | -                      |
| <b>TOTAL ( 1 + 2 )</b>                 | <b>2,238,556</b>       | <b>883,171</b>         |

## 7 BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

| Particulars                                | As on<br>31 March 2022 | As on<br>31 March 2021 |
|--------------------------------------------|------------------------|------------------------|
| 1. <b>In India</b>                         |                        |                        |
| (i) <b>Balances with banks</b>             |                        |                        |
| a) In current accounts                     | 815,760                | 519,771                |
| b) In other deposit accounts               | 4,607,316              | 1,305,234              |
| (ii) <b>Money at call and short notice</b> |                        |                        |
| a) With banks                              | -                      | -                      |
| b) With other institutions                 | -                      | -                      |
| <b>Total (i+ii)</b>                        | <b>5,423,076</b>       | <b>1,825,005</b>       |
| 2. <b>Outside India</b>                    |                        |                        |
| (i) a) In current accounts                 | -                      | -                      |
| (ii) b) In other deposit accounts          | -                      | -                      |
| (iii) Money at call and short notice       | -                      | -                      |
| <b>Total (i+ii+iii)</b>                    | <b>-</b>               | <b>-</b>               |
| <b>TOTAL ( 1 + 2 )</b>                     | <b>5,423,076</b>       | <b>1,825,005</b>       |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

## 8 INVESTMENTS

| Particulars                                             | As on<br>31 March 2022 | As on<br>31 March 2021 |
|---------------------------------------------------------|------------------------|------------------------|
| <b>1. Investments in India in</b>                       |                        |                        |
| (i) Government securities                               | 6,313,985              | 5,035,580              |
| (ii) Other approved securities                          | -                      | -                      |
| (iii) Shares                                            | -                      | -                      |
| (iv) Debentures & bonds                                 | -                      | -                      |
| (v) Subsidiaries / joint venture                        | -                      | -                      |
| (vi) Others                                             | -                      | -                      |
| <b>Total</b>                                            | <b>6,313,985</b>       | <b>5,035,580</b>       |
| <b>* Details of Others (vi)</b>                         |                        |                        |
| (i) NABARD / SIDBI / NHB Deposit                        | -                      | -                      |
| (ii) Commercial paper & certificates of deposit         | -                      | -                      |
| (iii) Mutual funds                                      | -                      | -                      |
| (iv) Venture capital fund                               | -                      | -                      |
| (v) Pass through certificates                           | -                      | -                      |
| (vi) Security receipts                                  | -                      | -                      |
| <b>Total</b>                                            | <b>-</b>               | <b>-</b>               |
| <b>2. Investments Outside India in</b>                  |                        |                        |
| (i) Government securities (Including local authorities) | -                      | -                      |
| (ii) Subsidiaries / joint venture abroad                | -                      | -                      |
| (iii) Other investments                                 | -                      | -                      |
| <b>Total</b>                                            | <b>-</b>               | <b>-</b>               |
| <b>TOTAL ( 1 + 2 )</b>                                  | <b>6,313,985</b>       | <b>5,035,580</b>       |
| <b>3. Investments</b>                                   |                        |                        |
| (i) Gross value of investments                          |                        |                        |
| a) In India                                             | 6,313,985              | 5,035,580              |
| b) Outside India                                        | -                      | -                      |
| (ii) Provision for depreciation                         |                        |                        |
| a) In India                                             | -                      | -                      |
| b) Outside India                                        | -                      | -                      |
| (iii) Net value of investments                          |                        |                        |
| a) In India                                             | 6,313,985              | 5,035,580              |
| b) Outside India                                        | -                      | -                      |
| <b>Total</b>                                            | <b>6,313,985</b>       | <b>5,035,580</b>       |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

## 9 ADVANCES

| Particulars                                                                              | As on<br>31 March 2022 | As on<br>31 March 2021 |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>A.</b>                                                                                |                        |                        |
| (i) Bills purchased and discounted                                                       | -                      | -                      |
| (ii) Cash credits, overdrafts and loans repayable on demand                              | -                      | -                      |
| (iii) Term loans                                                                         | 2,447                  | 1,317                  |
| <b>Total</b>                                                                             | <b>2,447</b>           | <b>1,317</b>           |
| <b>B.</b>                                                                                |                        |                        |
| (i) Secured by tangible assets (Includes advances against fixed deposits and book debts) | -                      | -                      |
| (ii) Covered by bank/government guarantees                                               | -                      | -                      |
| (iii) Unsecured                                                                          | 2,447                  | 1,317                  |
| <b>Total</b>                                                                             | <b>2,447</b>           | <b>1,317</b>           |
| <b>C.1 Advances in India</b>                                                             |                        |                        |
| (i) Priority sector                                                                      | -                      | -                      |
| (ii) Public sector                                                                       | -                      | -                      |
| (iii) Banks                                                                              | -                      | -                      |
| (iv) Others                                                                              | 2,447                  | 1,317                  |
| <b>Total</b>                                                                             | <b>2,447</b>           | <b>1,317</b>           |
| <b>C.2 Advances Outside India</b>                                                        |                        |                        |
| (i) Due from banks                                                                       | -                      | -                      |
| (ii) Due from others                                                                     |                        |                        |
| a) Bills purchased and discounted                                                        | -                      | -                      |
| b) Syndicated loans                                                                      | -                      | -                      |
| c) Others                                                                                | -                      | -                      |
| <b>Total</b>                                                                             | <b>-</b>               | <b>-</b>               |
| <b>TOTAL (C.1 + C.2)</b>                                                                 | <b>2,447</b>           | <b>1,317</b>           |

## 10 FIXED ASSETS

| Particulars                                      | As on<br>31 March 2022 | As on<br>31 March 2021 |
|--------------------------------------------------|------------------------|------------------------|
| <b>1. Premises</b> (including land)              |                        |                        |
| (i) At cost as on 31 March of the preceding year | -                      | -                      |
| (ii) Additions during the year                   | -                      | -                      |
| <b>Total</b>                                     | <b>-</b>               | <b>-</b>               |
| (iii) Deductions during the year                 | -                      | -                      |
| (iv) Accumulated depreciation to date            | -                      | -                      |
| <b>Total</b>                                     | <b>-</b>               | <b>-</b>               |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

| Particulars                                                      | As on<br>31 March 2022 | As on<br>31 March 2021 |
|------------------------------------------------------------------|------------------------|------------------------|
| <b>2. Other Fixed Assets ( including furniture and fixtures)</b> |                        |                        |
| (i) At cost as on 31 March of the preceding year                 | 1,740,102              | 1,092,087              |
| (ii) Additions during the year                                   | 657,061                | 676,683                |
| <b>Total</b>                                                     | <b>2,397,163</b>       | <b>1,768,770</b>       |
| (iii) Deductions during the year                                 | 30,045                 | 28,668                 |
| (iv) Accumulated depreciation to date                            | 1,444,219              | 1,116,026              |
| <b>Total</b>                                                     | <b>922,899</b>         | <b>624,076</b>         |
| <b>3. Assets given on Lease</b>                                  |                        |                        |
| (i) At cost as on 31 March of the preceding year                 | -                      | -                      |
| (ii) Lease equalisation - opening balance                        | -                      | -                      |
| (iii) Additions during the year                                  | -                      | -                      |
| (iv) Less: Provision held                                        | -                      | -                      |
| (v) Accumulated depreciation to date                             | -                      | -                      |
| <b>Total</b>                                                     | <b>-</b>               | <b>-</b>               |
| <b>4. Capital work in progress</b>                               | <b>4,586</b>           | <b>18,104</b>          |
| <b>TOTAL ( 1 to 4 )</b>                                          | <b>927,485</b>         | <b>642,180</b>         |

## 11 OTHER ASSETS

| Particulars                                                      | As on<br>31 March 2022 | As on<br>31 March 2021 |
|------------------------------------------------------------------|------------------------|------------------------|
| 1. Inter-office adjustment (Net)                                 | -                      | -                      |
| 2. Interest accrued                                              | 42,785                 | 13,604                 |
| 3. Tax paid in advance/tax deducted at source (Net of provision) | 123,273                | 47,987                 |
| 4. Stationery and stamps                                         | -                      | -                      |
| 5. Deferred tax assets (Net)                                     | -                      | -                      |
| 6. Others                                                        | 1,728,416              | 1,654,070              |
| <b>TOTAL ( 1 to 6 )</b>                                          | <b>1,894,474</b>       | <b>1,715,661</b>       |

## 12 CONTINGENT LIABILITIES

| Particulars                                                              | As on<br>31 March 2022 | As on<br>31 March 2021 |
|--------------------------------------------------------------------------|------------------------|------------------------|
| <b>1.</b> Claims against the bank not acknowledged as debts              | -                      | -                      |
| <b>2.</b> Liability for partly paid investment                           | -                      | -                      |
| <b>3.</b> Liability on account of outstanding forward exchange contracts | -                      | -                      |
| <b>4.</b> Liability on account of outstanding derivative contracts       | -                      | -                      |
| (i) Interest rate swaps                                                  | -                      | -                      |
| (ii) Cross currency swaps                                                | -                      | -                      |



# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

| Particulars                                                     | As on<br>31 March 2022 | As on<br>31 March 2021 |
|-----------------------------------------------------------------|------------------------|------------------------|
| (iii) Currency options                                          | -                      | -                      |
| (iv) Currency futures                                           | -                      | -                      |
| (v) Interest rate futures                                       | -                      | -                      |
| <b>5. Guarantees given on behalf of constituents</b>            |                        |                        |
| (i) In India                                                    | -                      | -                      |
| (ii) Outside India                                              | -                      | -                      |
| <b>6. Acceptances, endorsements and other obligations</b>       | -                      | -                      |
| <b>7. Other items for which the bank is contingently liable</b> |                        |                        |
| a) Income tax & other matters (under appeal)                    | -                      | 3,311                  |
| b) Others                                                       | 36,825                 | 36,825                 |
| <b>TOTAL ( 1 to 7 )</b>                                         | <b>36,825</b>          | <b>40,136</b>          |

## 13 INTEREST EARNED

| Particulars                                                                   | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 1. Interest / Discount on Advances / bills                                    | 172                         | 61                          |
| 2. Income on Investments                                                      | 231,268                     | 100,781                     |
| 3. Interest on balances with Reserve Bank of India and other inter-bank funds | 124,692                     | 94,048                      |
| 4. Other interest                                                             | 147                         | 7,659                       |
| <b>TOTAL ( 1 to 4 )</b>                                                       | <b>356,279</b>              | <b>202,549</b>              |

## 14 OTHER INCOME

| Particulars                                                       | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|-------------------------------------------------------------------|-----------------------------|-----------------------------|
| 1. Commission, Exchange and Brokerage                             | 8,575,393                   | 6,755,641                   |
| 2. Profit/(loss) on sale of Investments (Net)                     | 1,086                       | -                           |
| 3. Profit/(loss) on sale of land, building and other assets (Net) | (3,304)                     | (6,374)                     |
| 4. Profit/(loss) on exchange transactions (Net)                   | 50                          | -                           |
| 5. Miscellaneous Income                                           | 1,159,035                   | 958,454                     |
| <b>TOTAL ( 1 to 5 )</b>                                           | <b>9,732,260</b>            | <b>7,707,721</b>            |

# Schedules to the Financial Statements as at 31 March 2022 (Continued)

(Currency : Indian Rupees in thousands)

## 15 INTEREST EXPENDED

| Particulars                                                  | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|--------------------------------------------------------------|-----------------------------|-----------------------------|
| 1. Interest on Deposits                                      | 91,160                      | 44,287                      |
| 2. Interest on Reserve Bank of India / Inter-Bank Borrowings | 13,057                      | 35,733                      |
| 3. Others                                                    | 48,844                      | 15,396                      |
| <b>TOTAL ( 1 to 3 )</b>                                      | <b>153,061</b>              | <b>95,416</b>               |

## 16 OPERATING EXPENSES

| Particulars                                                                                      | Year ended<br>31 March 2022 | Year ended<br>31 March 2021 |
|--------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| 1. Payments to and provisions for employees                                                      | 1,332,560                   | 1,147,116                   |
| 2. Rent, taxes and lighting                                                                      | 129,827                     | 125,698                     |
| 3. Printing and stationery                                                                       | 18,262                      | 11,074                      |
| 4. Advertisement and publicity                                                                   | 161,515                     | 86,363                      |
| 5. Depreciation on banks property                                                                | 354,504                     | 535,834                     |
| 6. Director's fees Allowances and expenses                                                       | 10,392                      | 7,054                       |
| 7. Auditors' fees and expenses (Refer Note 60)<br>(Including branch auditor's fees and expenses) | 5,309                       | 5,625                       |
| 8. Law Charges                                                                                   | 31,340                      | 28,843                      |
| 9. Postage, Telegrams, Telephones, etc.                                                          | 183,476                     | 118,655                     |
| 10. Repairs and maintenance                                                                      | 115,389                     | 76,214                      |
| 11. Insurance                                                                                    | 37,759                      | 31,107                      |
| 12. Other Expenditure                                                                            | 7,127,737                   | 5,396,308                   |
| <b>TOTAL ( 1 to 12 )</b>                                                                         | <b>9,508,070</b>            | <b>7,569,891</b>            |

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

## 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 '₹') and all amounts are rounded to the nearest thousands, except as stated otherwise.

## 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"

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

('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.

### **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 Profit and Loss Account as per RBI guideline. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments is recognised in Profit and Loss Account.

### **Disposal of Investments:**

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

### **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 ₹ 1 as per the RBI guidelines.

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 Profit and Loss Account. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

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

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 Profit and Loss Account 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.

### **3. Deposits**

As per the Operating guidelines PBs can accept only savings and current deposits. The aggregate limit per customer has been extended to ₹ 200,000 from 07th April 2021 by RBI as against the previous limit of ₹ 1,00,000. 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 Profit and Loss Account 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 Profit and Loss Account on the date of retirement or disposal.

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

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                  |

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 ₹ 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 Profit and Loss Account.

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 Profit and Loss Account and related assets and liabilities are accordingly restated in the balance sheet.

### 7. Revenue recognition

- 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.
- Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.

## **Schedule 17 - Significant accounting policies appended to and forming part of the financial statements (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 fulfillment 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 Profit and Loss Account 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.

### **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



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

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 Profit and Loss Account. 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.

### **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.

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

### **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 Profit and Loss Account during the period in which the employee renders the related service.

##### **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 Profit and Loss Account. All expenses related to defined benefit plans are recognised in employee benefits expense in the Profit and Loss Account. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Profit and Loss Account 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 7 days 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**

As per the section 52 (2) (c) of the Companies Act 2013, securities premium account may be utilised for writing off the expenses/commission paid/discount allowed on, any issue of shares or debentures by a company. Further, as per RBI DBOD mailbox clarification dated October 9, 2007 on 'Prudential Norms - Utilisation of Share Premium Account', banks can utilise share premium account for meeting the expenses relating to the issue of shares.

### **17. Employee Stock Option Scheme**

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Bank measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022

### 1. Capital

#### 1.1. Capital to Risk Weighted Assets Ratio (CRAR)

As per the RBI Circular DBR.NBD.No.4503/16.13.218/2017-18 dated 08 November 2017, no separate charge is prescribed for market risk and operational risk. However, Bank, as a conservative approach, has provided Market Risk Capital (MRC) Charge on its overall investment portfolio and foreign currency assets, as on 31 March 2022.

Capital Adequacy Ratio (CRAR) as per the operating guidelines and as per Basel II Standardized Approach for Credit Risk, as at 31 March 2022 is given below:

| Particulars                                                                           | (₹ in crore)           |                        |
|---------------------------------------------------------------------------------------|------------------------|------------------------|
|                                                                                       | As at<br>31 March 2022 | As at<br>31 March 2021 |
| (i) Common Equity Tier 1 capital (CET 1)                                              | 479.72                 | 150.55                 |
| (ii) Additional Tier 1 capital                                                        | -                      | -                      |
| (iii) Tier 1 capital (i + ii)                                                         | 479.72                 | 150.55                 |
| (iv) Tier 2 capital                                                                   | 0.11                   | -                      |
| (v) Total capital (Tier 1+Tier 2)                                                     | 479.83                 | 150.55                 |
| (vi) Total Risk Weighted Assets (RWAs)                                                | 382.04                 | 267.62                 |
| (vii) Common Equity Tier 1 (CET) Capital Ratio (%)                                    | 125.57%                | 56.25%                 |
| (viii) Tier I Capital Ratio (%)                                                       | 125.57%                | 56.25%                 |
| (ix) Tier II Capital Ratio (%)                                                        | 0.03%                  | -                      |
| (x) Total Capital Ratio (CRAR) (%)                                                    | 125.60%                | 56.25%                 |
| (xi) Percentage of the shareholding of the Government of India in Public Sector banks | -                      | -                      |
| (xii) Amount of paid-up equity capital raised during the year                         | 300.00                 | -                      |
| (xiii) Amount of Additional Tier 1 capital raised during the year                     | -                      | -                      |
| (xvi) Amount of Tier 2 capital raised during the year                                 | -                      | -                      |

#### 1.2. Initial Public offering of Equity Shares by Bank

The Bank successfully completed Initial Public Offer (IPO) and the shares of the Bank got listed on 12 November 2021, on National Stock Exchange Ltd. (NSE) and BSE Ltd. (BSE).

During the year ended 31 March 2022, the Bank issued and allotted 51,99,306 (31 March 2021 : ₹ Nil) equity shares of face value of ₹ 10/- each at a price of ₹ 577/- aggregating to ₹ 300 crores including share premium in respect of initial public offer.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 2. Investments

#### 2.1 Movement of investments:

(₹ in crore)

| Particulars                                                                                                         | As at<br>31 March 2022 | As at<br>31 March 2021 |
|---------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| <b>(1) Value of investments</b>                                                                                     |                        |                        |
| (i) Gross value of investments                                                                                      |                        |                        |
| (a) In India                                                                                                        | 631.40                 | 503.56                 |
| (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                                                                                                        | 631.40                 | 503.56                 |
| (b) Outside India                                                                                                   | -                      | -                      |
| <b>(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)</b>           |                        |                        |
| (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                                                                                                | -                      | -                      |
| <b>(3) Movement of Investment fluctuation Reserve</b>                                                               |                        |                        |
| (i) Opening balance                                                                                                 | -                      | -                      |
| (ii) Add: Amount transferred during the year                                                                        | 0.11                   | -                      |
| (iii) Less: Drawdown                                                                                                | -                      | -                      |
| (iv) Closing balance                                                                                                | 0.11                   | -                      |
| <b>(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b> | 0.02%                  |                        |

The net book value of investments held under three categories; viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is as under:

| Category           | As at<br>31 March 2022 |             | As at<br>31 March 2021 |             |
|--------------------|------------------------|-------------|------------------------|-------------|
|                    | ₹ in crore             | %           | ₹ in crore             | %           |
| Held to maturity   | 40.86                  | 6.47%       | -                      | 0.00%       |
| Available for Sale | 590.54                 | 93.53%      | 503.56                 | 100%        |
| Held for Trading   | -                      | 0.00%       | -                      | 0.00%       |
| <b>Total</b>       | <b>631.40</b>          | <b>100%</b> | <b>503.56</b>          | <b>100%</b> |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 2.2 Repo / Reverse Repo transactions:

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2022 are as follows :

(₹ in crore)

| Particulars                                    | Minimum<br>outstanding<br>during the year | Maximum<br>outstanding<br>during the year | Daily Average<br>outstanding<br>during the year | Outstanding<br>as on<br>31 March 2022 |
|------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------------|---------------------------------------|
| <b>Securities sold under repo</b>              |                                           |                                           |                                                 |                                       |
| i. Government securities                       | 10.05                                     | 227.50                                    | 145.66                                          | 21.00                                 |
| ii. Corporate debt securities                  | -                                         | -                                         | -                                               | -                                     |
| lii. Any other securities                      | -                                         | -                                         | -                                               | -                                     |
| <b>Securities purchased under reverse repo</b> |                                           |                                           |                                                 |                                       |
| i. Government securities                       | 0.95                                      | 228.93                                    | 27.85                                           | -                                     |
| ii. Corporate debt securities                  | -                                         | -                                         | -                                               | -                                     |
| lii. Any other securities                      | -                                         | -                                         | -                                               | -                                     |

Note: The above includes market repo & tri-party repo transactions.

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2021 are as follows :

(₹ in crore)

| Particulars                                    | Minimum<br>outstanding<br>during the year | Maximum<br>outstanding<br>during the year | Daily Average<br>outstanding<br>during the year | Outstanding<br>as on<br>31 March 2021 |
|------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------------|---------------------------------------|
| <b>Securities sold under repo</b>              |                                           |                                           |                                                 |                                       |
| i. Government securities                       | 10.06                                     | 141.29                                    | 58.05                                           | 108.02                                |
| ii. Corporate debt securities                  | -                                         | -                                         | -                                               | -                                     |
| lii. Any other securities                      | -                                         | -                                         | -                                               | -                                     |
| <b>Securities purchased under reverse repo</b> |                                           |                                           |                                                 |                                       |
| i. Government securities                       | 1.00                                      | 45.00                                     | 8.00                                            | -                                     |
| ii. Corporate debt securities                  | -                                         | -                                         | -                                               | -                                     |
| lii. Any other securities                      | -                                         | -                                         | -                                               | -                                     |

Note: The above includes market repo & tri-party repo transactions.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 2.3 Composition of Investment Portfolio

(₹ in crore)

|                                                      | Investments in India as at 31 March 2022 |                           |        |                      |                                    |        | Total investments in India |
|------------------------------------------------------|------------------------------------------|---------------------------|--------|----------------------|------------------------------------|--------|----------------------------|
|                                                      | Government Securities                    | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others |                            |
| (a) Held to Maturity                                 |                                          |                           |        |                      |                                    |        |                            |
| Gross                                                | 40.86                                    | -                         | -      | -                    | -                                  | -      | 40.86                      |
| Less: Provision for non- Performing investments(NPI) | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | 40.86                                    | -                         | -      | -                    | -                                  | -      | 40.86                      |
| (b) Available for Sale                               |                                          |                           |        |                      |                                    |        |                            |
| Gross                                                | 590.54                                   | -                         | -      | -                    | -                                  | -      | 590.54                     |
| Less: Provision for depreciation And NPI             | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | 590.54                                   | -                         | -      | -                    | -                                  | -      | 590.54                     |
| (c) Held for Trading                                 |                                          |                           |        |                      |                                    |        |                            |
| Gross                                                | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Less: Provision for depreciation And NPI             | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| (d) Total Investments                                |                                          |                           |        |                      |                                    |        |                            |
| Less: Provision for non- Performing investments      | 631.40                                   | -                         | -      | -                    | -                                  | -      | 631.40                     |
| Less: Provision for depreciation And NPI             | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | 631.40                                   | -                         | -      | -                    | -                                  | -      | 631.40                     |

### 2.4 Composition of Investment Portfolio (Continued)

(₹ in crore)

|                                                      | Investments in India as at 31 March 2021 |                           |        |                      |                                    |        | Total investments in India |
|------------------------------------------------------|------------------------------------------|---------------------------|--------|----------------------|------------------------------------|--------|----------------------------|
|                                                      | Government Securities                    | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others |                            |
| (a) Held to Maturity                                 |                                          |                           |        |                      |                                    |        |                            |
| Gross                                                | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Less: Provision for non- Performing investments(NPI) | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| (b) Available for Sale                               |                                          |                           |        |                      |                                    |        |                            |
| Gross                                                | 503.56                                   | -                         | -      | -                    | -                                  | -      | 503.56                     |
| Less: Provision for depreciation And NPI             | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                                  | 503.56                                   | -                         | -      | -                    | -                                  | -      | 503.56                     |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

(₹ in crore)

|                                                | Investments in India as at 31 March 2021 |                           |        |                      |                                    |        | Total investments in India |
|------------------------------------------------|------------------------------------------|---------------------------|--------|----------------------|------------------------------------|--------|----------------------------|
|                                                | Government Securities                    | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others |                            |
| (c) Held for Trading                           |                                          |                           |        |                      |                                    |        |                            |
| Gross                                          | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Less: Provision for depreciation And NPI       | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                            | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| (d) Total Investments                          |                                          |                           |        |                      |                                    |        |                            |
| Less: Provision for non-Performing investments | 503.56                                   | -                         | -      | -                    | -                                  | -      | 503.56                     |
| Less: Provision for depreciation And NPI       | -                                        | -                         | -      | -                    | -                                  | -      | -                          |
| Net                                            | 503.56                                   | -                         | -      | -                    | -                                  | -      | 503.56                     |

Note: The Bank does not have Investments outside India.

### 2.5 Non SLR investment portfolio:

The Bank does not hold any investment in non SLR securities as at 31 March 2022 and 31 March 2021. Accordingly, the disclosure requirements with respect to non SLR investment portfolio are not applicable.

### 2.6 Sale and transfer to / from HTM category:

As per the Operating guidelines, Payment Banks 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 year ended 31 March 2022, the bank has invested in SLR securities under HTM category. During the year ended 31 March 2021 the entire investment portfolio of the Bank was classified under AFS Category.

During the current and previous year, there has been no sale/ transfer from Held to Maturity (HTM) category in excess of 5% of the book value of investments held in HTM category.

## 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 and risk exposure in derivatives are not applicable.

## 4. Asset quality

As per the Operating guidelines Payment Banks are not permitted to lend to any person including their directors. However, Payment Banks 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 2022, the Bank had classified employee loan amounting to ₹ 0.24 Crore as advances (Previous Year ₹ 0.13 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.



## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 5. Business ratios

(₹ in crore)

| Particulars                                                                | As at<br>31 March 2022 | As at<br>31 March 2021 |
|----------------------------------------------------------------------------|------------------------|------------------------|
| (i) Interest income as % to Working funds <sup>1</sup>                     | 3.34%                  | 3.98%                  |
| (ii) Non-interest income as % to Working funds                             | 91.34%                 | 151.61%                |
| (iii) Operating profit <sup>2</sup> as % to Working funds                  | 4.01%                  | 4.82%                  |
| (iv) Return on assets (Working funds)                                      | 4.01%                  | 4.03%                  |
| (v) Business <sup>3</sup> (Deposit plus advance) per employee (₹ in crore) | 0.18                   | 0.09                   |
| (vi) Profit per employee <sup>4</sup> (₹ in crore)                         | 0.02                   | 0.01                   |
| (vii) Cost of Deposits                                                     | 1.82%                  | 1.82%                  |
| (viii) Net Interest Margin <sup>5</sup>                                    | 2.35%                  | 2.38%                  |

- Working funds to be reckoned as average of total assets (excluding accumulated losses, if any)
- Operating profit is net profit for the year before provisions and contingencies.
- Business is the total of net advances and deposits (net of inter-bank deposits).
- Productivity ratios are based on average employee number.
- Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income - Interest Expense

### 6. Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2022 and 31 March 2021

(₹ in Crore)

| Particulars               | As at 31 March 2022 |             |               |               |                               |                                    |
|---------------------------|---------------------|-------------|---------------|---------------|-------------------------------|------------------------------------|
|                           | Deposits            | Advances    | Investments   | Borrowings    | Foreign<br>Currency<br>Assets | Foreign<br>Currency<br>Liabilities |
| 1 day                     | 30.72               | -           | 458.78        | -             | -                             | -                                  |
| 2 to 7 days               | 54.77               | -           | -             | 25.00         | -                             | -                                  |
| 8 to 14 days              | 0.06                | -           | -             | 21.00         | -                             | -                                  |
| 15 to 30 Days             | 54.89               | -           | 78.29         | -             | -                             | -                                  |
| 31 Days to 2 months       | 5.38                | -           | 5.51          | -             | -                             | -                                  |
| Over 2 months to 3 months | -                   | -           | -             | -             | -                             | -                                  |
| Over 3 months to 6 months | 25.34               | -           | 4.71          | -             | -                             | -                                  |
| Over 6 months to 1 year   | -                   | 0.24        | 2.04          | 203.66        | -                             | -                                  |
| Over 1 year to 3 years    | 329.53              | -           | 82.07         | -             | 0.38                          | 0.37                               |
| Over 3 years to 5 years   | -                   | -           | -             | -             | -                             | -                                  |
| Over 5 years              | -                   | -           | -             | -             | -                             | -                                  |
| <b>Total</b>              | <b>500.69</b>       | <b>0.24</b> | <b>631.40</b> | <b>249.66</b> | <b>0.38</b>                   | <b>0.37</b>                        |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

(₹ in Crore)

| Particulars               | As at 31 March 2021 |             |               |               |                               |                                    |
|---------------------------|---------------------|-------------|---------------|---------------|-------------------------------|------------------------------------|
|                           | Deposits            | Advances    | Investments   | Borrowings    | Foreign<br>Currency<br>Assets | Foreign<br>Currency<br>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              | -                   | -           | -             | -             | -                             | -                                  |
| <b>Total</b>              | <b>242.84</b>       | <b>0.13</b> | <b>503.56</b> | <b>180.80</b> | <b>-</b>                      | <b>-</b>                           |

### 7. Exposures

#### 7.1 Exposure to real estate sector :

The Bank does not have any exposure to real estate sector as at 31 March 2022 and as at 31 March 2021. 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 2022 and as at 31 March 2021. 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 2022 and as at 31 March 2021. 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 Payment Banks, Payment Banks 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 Payment Banks, Payment Banks 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 2022 and 31 March 2021, no penalty was imposed on the Bank by RBI under the provisions the (i) Banking Regulation Act, 1949, (ii) Payment and Settlement Systems Act, 2007 and (iii) Government Securities Act, 2006.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 9. Employee benefits

#### Defined contribution plans:

##### Provident Fund

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:

| (₹ in crore)   |                        |                        |
|----------------|------------------------|------------------------|
| Particulars    | As at<br>31 March 2022 | As at<br>31 March 2021 |
| Provident fund | 7.88                   | 6.85                   |

#### 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.

| (₹ in crore)                                             |                        |                        |
|----------------------------------------------------------|------------------------|------------------------|
| Particulars                                              | As at<br>31 March 2022 | As at<br>31 March 2021 |
| Opening defined benefit obligation as at 01 April        | 8.94                   | 8.00                   |
| Current service cost                                     | 1.60                   | 1.22                   |
| Interest cost                                            | 0.51                   | 0.40                   |
| Actuarial (gains)/losses                                 | 0.45                   | 0.19                   |
| Benefits paid                                            | (0.91)                 | (0.87)                 |
| Past service cost                                        | -                      | -                      |
| Transfer from/to group companies                         | -                      | -                      |
| <b>Closing defined benefit obligation as at 31 March</b> | <b>10.59</b>           | <b>8.94</b>            |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### Change in the plan assets

(₹ in crore)

| Particulars                                          | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------------------------|------------------------|------------------------|
| Opening fair value of plan assets at 01 April        | -                      | -                      |
| Expected return on plan assets                       | -                      | -                      |
| Employers contributions                              | -                      | -                      |
| Benefits paid                                        | -                      | -                      |
| Actuarial gains/(losses) on plan assets              | -                      | -                      |
| <b>Closing fair value of plan assets at 31 March</b> | <b>-</b>               | <b>-</b>               |

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

(₹ in crore)

| Particulars                                    | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------------------|------------------------|------------------------|
| Present value of funded obligation at 31 March | 10.59                  | 8.94                   |
| Fair value of plan assets at 31 March          | -                      | -                      |
| Deficit/(Surplus)                              | (10.59)                | (8.94)                 |
| Net Liability/(Asset)                          | (10.59)                | (8.94)                 |

### Net cost recognised in the Profit and Loss Account

(₹ in crore)

| Particulars                                                                                          | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Current service cost                                                                                 | 1.60                   | 1.22                   |
| Interest cost                                                                                        | 0.51                   | 0.40                   |
| Past service cost                                                                                    | -                      | -                      |
| Net actuarial (gains)/losses recognised during the year                                              | 0.45                   | 0.19                   |
| Total cost of defined benefit plans included in schedule 16 payments to and provisions for employees | 2.56                   | 1.81                   |

### Reconciliation of opening and closing net liability/(asset) recognised in balance sheet

(₹ in crore)

| Particulars                                         | As at<br>31 March 2022 | As at<br>31 March 2021 |
|-----------------------------------------------------|------------------------|------------------------|
| Opening net liability as at 01 April                | 8.94                   | 8.00                   |
| Expenses recognised in Statement of Profit and Loss | 2.56                   | 1.81                   |
| Employers contribution                              | (0.91)                 | (0.87)                 |
| Transfer from/to group companies                    | -                      | -                      |
| Net liability/(asset) recognised in balance sheet   | 10.59                  | 8.94                   |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### Key Actuarial Assumptions

(₹ in crore)

| Particulars                           | As at<br>31 March 2022  | As at<br>31 March 2021  |
|---------------------------------------|-------------------------|-------------------------|
| Discount rate                         | 5.60%                   | 5.70%                   |
| Expected rate of return on plan asset | -                       | -                       |
| Salary escalation                     | 8.40%                   | 6.80%                   |
| Withdrawal rate                       | 30.00%                  | 19.00%                  |
| Mortality rate                        | 100% of IALM<br>2012-14 | 100% of IALM<br>2012-14 |

### Experience Adjustment

(₹ in crore)

|                                     | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|-------------------------------------|---------|---------|---------|---------|---------|
| On Plan liabilities (gains) /losses | 0.32    | 0.09    | 0.43    | 0.05    | -       |
| On Plan assets (losses)/gains       | -       | -       | -       | -       | -       |

## 10. Unamortized Pension and Gratuity liabilities

As at 31 March 2022 (31 March 2021: 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 Institute of Chartered Accountants of India 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 business of the Bank has been segregated into four segments: Treasury, Corporate Banking, Retail Banking and Other Banking Operations:

(₹ in crore)

| Particulars                         | Year Ended 31 March 2022 |                                     |                   |                                |                 |
|-------------------------------------|--------------------------|-------------------------------------|-------------------|--------------------------------|-----------------|
|                                     | Treasury                 | Corporate /<br>Wholesale<br>Banking | Retail<br>Banking | Other<br>Banking<br>Operations | Total           |
| Gross revenue                       | 24.59                    | -                                   | 179.47            | 805.01                         | 1,009.07        |
| Unallocated revenue                 | -                        | -                                   | -                 | -                              | (0.22)          |
| Less: Intersegment revenue          | -                        | -                                   | -                 | -                              | -               |
| <b>Total Revenue</b>                | <b>24.59</b>             | <b>-</b>                            | <b>179.47</b>     | <b>805.01</b>                  | <b>1,008.85</b> |
| Segment results                     | 18.89                    | -                                   | 71.18             | 120.89                         | 210.74          |
| Unallocated expenses                | -                        | -                                   | -                 | -                              | 168.00          |
| Operating profit                    | -                        | -                                   | -                 | -                              | 42.74           |
| Income tax (including deferred tax) | -                        | -                                   | -                 | -                              | -               |
| Net profit/(loss)                   | -                        | -                                   | -                 | -                              | 42.74           |
| Segment assets                      | 846.20                   | -                                   | 27.31             | 670.40                         | 1,543.91        |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

(₹ in crore)

| Particulars              | Year Ended 31 March 2022 |                                     |                   |                                |                 |
|--------------------------|--------------------------|-------------------------------------|-------------------|--------------------------------|-----------------|
|                          | Treasury                 | Corporate /<br>Wholesale<br>Banking | Retail<br>Banking | Other<br>Banking<br>Operations | Total           |
| Unallocated assets       | -                        | -                                   | -                 | -                              | 136.09          |
| <b>Total assets</b>      | <b>846.20</b>            | <b>-</b>                            | <b>27.31</b>      | <b>670.40</b>                  | <b>1,680.00</b> |
| Segment liabilities      | 46.00                    | -                                   | 520.30            | 541.56                         | 1,107.86        |
| Unallocated liabilities  | -                        | -                                   | -                 | -                              | 92.31           |
| <b>Total liabilities</b> | <b>46.00</b>             | <b>-</b>                            | <b>520.30</b>     | <b>541.56</b>                  | <b>1,200.17</b> |

(₹ in crore)

| Particulars                         | Year Ended 31 March 2021 |                                     |                   |                                |                |
|-------------------------------------|--------------------------|-------------------------------------|-------------------|--------------------------------|----------------|
|                                     | Treasury                 | Corporate /<br>Wholesale<br>Banking | Retail<br>Banking | Other<br>Banking<br>Operations | Total          |
| Gross revenue                       | 10.08                    | -                                   | 125.04            | 655.56                         | 790.68         |
| Unallocated revenue                 | -                        | -                                   | -                 | -                              | 0.35           |
| Less: Intersegment revenue          | -                        | -                                   | -                 | -                              | -              |
| <b>Total Revenue</b>                | <b>10.08</b>             | <b>-</b>                            | <b>125.04</b>     | <b>655.56</b>                  | <b>791.03</b>  |
| 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          |
| <b>Total assets</b>                 | <b>585.49</b>            | <b>-</b>                            | <b>17.40</b>      | <b>319.10</b>                  | <b>1010.29</b> |
| Segment liabilities                 | 130.00                   | -                                   | 259.47            | 383.39                         | 772.86         |
| Unallocated liabilities             | -                        | -                                   | -                 | -                              | 86.88          |
| <b>Total liabilities</b>            | <b>130.00</b>            | <b>-</b>                            | <b>259.47</b>     | <b>383.39</b>                  | <b>859.74</b>  |

Notes:

1. Other Banking Operations includes Business Correspondent services, Domestic Money Transfer, Micro -ATM & Aadhaar enabled Payment System (AePS).
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.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 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 2022 are disclosed below:

#### 1. Parent Entity

FINO PayTech Limited (Percentage of holding - 75%)

#### 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

Financial Services Private Limited

Trusteeship Services Limited

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2022:

(₹ in crore)

| Items / Related Party       | Parent | Fellow Subsidiaries` | Associates / Joint ventures / Subsidiaries | KMP | Relatives of KMP | Total |
|-----------------------------|--------|----------------------|--------------------------------------------|-----|------------------|-------|
| Rendering of services       | 2.74   | 0.34                 | -                                          | -   | -                | 3.08  |
| Reimbursement of expenses * | 19.77  | 1.40                 | -                                          | -   | -                | 21.17 |
| Remuneration                | -      | -                    | -                                          | -   | -                | -     |
| Balances payable            | 2.04   | 1.13                 | -                                          | -   | -                | 3.17  |
| Balance receivable          | -      | -                    | -                                          | -   | -                | -     |

\* Includes reimbursement of Issue Expenses related to sale of equity shares in Fino Payments Bank (The offer expenses related to Initial Public Offering have been apportioned between Fino PayTech & Fino Payments Bank in the ratio of Fresh issue (₹ 300 Crs) & Offer for Sale (₹ 900 Crs) as a percentage of total Offer ₹ 1200 Crs)



## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2021:

(₹ in crore)

| Items / Related Party     | Parent | Fellow Subsidiaries` | Associates / Joint ventures / Subsidiaries | KMP | Relatives of KMP | Total |
|---------------------------|--------|----------------------|--------------------------------------------|-----|------------------|-------|
| Rendering of services     | 2.27   | 0.66                 | -                                          | -   | -                | 2.93  |
| Reimbursement of expenses | 2.04   | 2.88                 | -                                          | -   | -                | 4.92  |
| Remuneration              | -      | -                    | -                                          | -   | -                | -     |
| Balances payable          | -      | 2.02                 | -                                          | -   | -                | 2.02  |
| Balance receivable        | 1.76   | -                    | -                                          | -   | -                | 1.76  |

In accordance with RBI guidelines dated 29 March 2003 Guidance on Compliance with the accounting standards by banks, details pertaining to the related party transactions have not been provided where there is only one related party in each of the above categories.

### 13. Deferred tax (AS-22)

(₹ in crore)

| Particulars                             | As at 31 March 2022 | As at 31 March 2021 |
|-----------------------------------------|---------------------|---------------------|
| <b>Deferred tax assets :</b>            |                     |                     |
| Depreciation on fixed assets            | 13.88               | 10.99               |
| Unabsorbed depreciation on fixed assets | 18.05               | 15.04               |
| Business loss                           | 56.28               | 78.43               |
| Employee benefits                       | 4.03                | 2.83                |
| Provision for doubtful debts            | 1.99                | 1.66                |
| <b>Total</b>                            | <b>94.23</b>        | <b>108.95</b>       |

Deferred tax assets have not been recognized in respect of the aforesaid items in absence of virtual certainty of future taxable profits as mandated by Accounting Standard 22 - Deferred Taxes as issued by Institute of Chartered Accountants of India.

### 14. Provisions and contingencies

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

(₹ in crore)

| Particulars                                                                                                   | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
|---------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 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                                                                                          | -                        | -                        |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

(₹ in crore)

| Particulars                                                | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| 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                        |
| vi) Provision towards Income tax                           | -                           | -                           |
| vii) Provision towards deferred tax (net)                  | -                           | -                           |

### 15. Appropriation to / Withdrawal from Reserve

#### (i) Statutory Reserve :

The Bank has made an appropriation of ₹ 10.69 crore (31 March 2021: ₹ 5.12 crore) out of profits for the year ended 31 March 2022 to Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

#### (ii) Share Premium :

- (a) As per the section 52 (2) (c) of the Companies Act 2013, securities premium account may be utilised for writing off the expenses/commission paid/discount allowed on, any issue of shares or debentures by a company. Further, as per RBI DBOD mailbox clarification dated October 9, 2007 on 'Prudential Norms - Utilisation of Share Premium Account', banks can utilise share premium account for meeting the expenses relating to the issue of shares. Accordingly, during the year ended 31 March 2022, the Bank has utilised an amount of ₹ 16.64 Crs (Previous year: Nil) from securities premium for meeting the expenses relating to the issuance of equity shares capital.
- (b) As per the section 52 (2) (a) of the Companies Act 2013, securities premium account may be utilised for the issue of fully paid bonus shares. Accordingly, during the year ended 31 March 2022, the Bank has utilised an amount of ₹ 33.43 Crs (Previous year: Nil) from securities premium towards the issue of fully paid bonus shares to the members of the company.

#### (iii) Investment Fluctuation Reserve :

During the year ended 31 March 2022, the Bank has transferred an amount of ₹ 0.11 Crores (Previous year: Nil) from Profit and Loss Account to Investment Fluctuation Reserve as per the RBI circular on "Prudential Norms for Classification, Valuation and Operation of Investments Portfolio by Banks - Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)".

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 16. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended 31 March 2022

- A. Summary information on complaints received by the bank from customers and from the Office of Banking Ombudsman (OBO)

(₹ in crore)

| Particulars                                                                                 | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
|---------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Complaints received by the bank from its customers</b>                                   |                             |                             |
| 1 Number of complaints pending at beginning of the year                                     | 204                         | 480                         |
| 2 Number of complaints received during the year                                             | 34,507                      | 22,461                      |
| 3 Number of complaints disposed during the year                                             | 34,344                      | 22,737                      |
| Of which, number of complaints rejected by the bank                                         | 17,713                      | 12,633                      |
| 4 Number of complaints pending at the end of the year                                       | 367                         | 204                         |
| <b>Maintainable complaints received by the bank from OBOs</b>                               |                             |                             |
| 5 Number of maintainable complaints received by the bank from OBOs                          | 309                         | 364                         |
| Of 5, number of complaints resolved in favour of the bank by BOs                            | 268                         | 346                         |
| Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs | 41                          | 18                          |
| 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 complaint received over the previous year | Number of complaint pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|----------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| 1                                                                          | 2                                                      | 3                                             | 4                                                                              | 5                                                  | 6                                                 |
| <b>Year Ended 31 March 2022</b>                                            |                                                        |                                               |                                                                                |                                                    |                                                   |
| Account opening/difficulty in operation of accounts                        | 37                                                     | 8,138                                         | (38)%                                                                          | 52                                                 | 2                                                 |
| Internet/Mobile/Electronic Banking                                         | 9                                                      | 2,196                                         | (24)%                                                                          | 18                                                 | 1                                                 |
| ATM/Debit Cards                                                            | 140                                                    | 8,136                                         | 49%                                                                            | 143                                                | 4                                                 |
| Cheques/drafts/bills                                                       | 5                                                      | 176                                           | (23)%                                                                          | 1                                                  | 0                                                 |
| Levy of charges without prior notice/excessive charges/foreclosure charges | 0                                                      | 0                                             | (100)%                                                                         | 0                                                  | 0                                                 |
| <b>Total</b>                                                               | <b>191</b>                                             | <b>18,646</b>                                 | <b>(136)%</b>                                                                  | <b>214</b>                                         | <b>7</b>                                          |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

| 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 complaint received over the previous year | Number of complaint pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|----------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| 1                                                                          | 2                                                      | 3                                             | 4                                                                              | 5                                                  | 6                                                 |
| <b>Year Ended 31 March 2021</b>                                            |                                                        |                                               |                                                                                |                                                    |                                                   |
| Account opening/difficulty in operation of accounts                        | 114                                                    | 13,057                                        | 213%                                                                           | 37                                                 | 5                                                 |
| Internet/Mobile/Electronic Banking                                         | 134                                                    | 2,908                                         | (7)%                                                                           | 9                                                  | 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                                                 |
| <b>Total</b>                                                               | <b>350</b>                                             | <b>21,663</b>                                 | <b>88%</b>                                                                     | <b>191</b>                                         | <b>5</b>                                          |

### 17. Letter of comfort

Bank has not issued any letters of comfort during the year ending 31 March 2022 and 31 March 2021.

### 18. Provisioning coverage ratio

As per Operating Guidelines, Payments Banks 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. Bancassurance Business :

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

(₹ in crore)

| Particulars                                         | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
|-----------------------------------------------------|-----------------------------|-----------------------------|
| i) Fee / brokerage from Life insurance business     | 0.01                        | 0.03                        |
| ii) Fee / brokerage from General insurance business | 0.59                        | 0.92                        |
| Total fees from Bancassurance Business              | 0.60                        | 0.95                        |

### 20. Concentration of deposits, advances, exposures and NPAs

#### 20.1 Concentration of deposits:

(₹ in crore)

| Particulars                                                                              | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Total deposits of twenty largest depositors                                              | 0.39                   | 0.20                   |
| Percentage of Deposits of twenty largest depositors to Total deposits as at the year end | 0.08%                  | 0.08%                  |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 20.2 Concentration of Advances:

(₹ in crore)

| Particulars                                                                              | As at<br>31 March 2022 | As at<br>31 March 2021 |
|------------------------------------------------------------------------------------------|------------------------|------------------------|
| Total advances of twenty largest borrowers#                                              | 0.24                   | 0.13                   |
| Percentage of borrowers of twenty largest borrowers to Total advances as at the year end | 99%                    | 100%                   |

# Refer Note 2 of Significant Accounting Policies

### 20.3 Concentration of Exposures:

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and 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, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and 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 Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and 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 Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and 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 2022 and as at 31 March 2021 and no overseas operations were undertaken during the year ended 31 March 2022 and 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. Particulars of resolution plan and restructuring

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and as at 31 March 2021, the Bank has not provided any advances and accordingly, the disclosure requirements with respect to Particulars of resolution plan and restructuring

### 26. Movement of Technical / Prudential Written off Accounts

The Bank has not written off any accounts for the year ended 31 March 2022 and 31 March 2021.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 27. Divergence in asset classification and provisioning

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and as at 31 March 2021, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Divergence in asset classification and provisioning are not applicable.

### 28. Disclosure of transfer of loan exposures

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and as at 31 March 2021, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Disclosure of transfer of loan exposures are not applicable.

### 29. Disclosure under Resolution Framework for COVID-19 -related Stress

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. As at 31 March 2022 and as at 31 March 2021, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to resolution Framework for COVID -19 are not applicable.

### 30. 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 (upto 30 April 2022)
4. Mr. P. S. Ravi, Member and Nominee Director (upto 30 April 2022)

#### 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):

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.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### **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 is followed while performance measurement.

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.

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



## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 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)

|         |                                                                                                                                        | (₹ in crore)                |                             |
|---------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| S. No   | Particulars                                                                                                                            | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
| 1 (i)   | Number of meetings held by the Nomination & Remuneration Committee during the financial period                                         | 12                          | 4                           |
| 1 (ii)  | Remuneration paid to its members during the financial period (₹ in crore)                                                              | 0.27                        | 0.10                        |
| 2 (i)   | Number of employees having received a variable remuneration award during the financial period.                                         | 3                           | 3                           |
| 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(₹ 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 share-linked instruments and other forms.               | 4.90                        | 4.11                        |
| 3 (ii)  | Total amount of deferred remuneration paid out in the period.                                                                          | 4.11                        | Nil                         |
| 4       | Breakdown of amount of remuneration awards for the financial year:                                                                     |                             |                             |
|         | Fixed                                                                                                                                  | 4.54                        | 4.10                        |
|         | Variable                                                                                                                               | -                           | 4.63                        |
|         | Deferred                                                                                                                               | -                           | 4.11                        |
|         | Non-deferred                                                                                                                           | -                           | 0.52                        |
| 5(i)    | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. | Nil                         | 4.11                        |
| 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                         |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 31. Disclosures relating to securitization

As per the Operating guidelines Payment Banks 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.

### 32. Credit default swaps

There is no credit default swap as on 31 March 2022 and as on 31 March 2021. Thus the disclosure is not applicable to Bank.

### 33. Forward rate agreement/Interest rate swap

There is no Forward rate agreement / Interest rate swap as on 31 March 2022 and as on 31 March 2021. Thus the disclosure is not applicable to Bank.

### 34. Intra-group exposures

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

### 35. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crore)

| Sr. No | Particulars                                          | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
|--------|------------------------------------------------------|--------------------------|--------------------------|
| i)     | Opening balance of amounts transferred to DEA Fund   | -                        | -                        |
| ii)    | Add: Amounts transferred to DEA Fund during the year | -                        | -                        |
| iii)   | Less: Amounts reimbursed by DEA Fund towards claims  | -                        | -                        |
| iv)    | Closing balance of amounts transferred to DEA Fund   | -                        | -                        |

### 36. Unhedged Foreign currency Exposure

The Bank does not have any foreign currency exposure as at 31 March 2022 and as at 31 March 2021. Thus the disclosure is not applicable to Bank.

### 37. Details of provisioning pertaining to fraud accounts

During the year ended 31 March 2022, the Bank has reported 36 (Previous Year 42) cases of fraud amounting to ₹ 0.84 Crore (Previous Year ₹ 0.52 crore), against which the Bank has made a provision of ₹ 0.44 crore (Previous Year ₹ 0.33 crore), adjusted for recovery.

(₹ in crore)

| Particulars                                         | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
|-----------------------------------------------------|--------------------------|--------------------------|
| Number of frauds reported                           | 36                       | 42                       |
| Amount involved in frauds                           | 0.84                     | 0.52                     |
| Provision made                                      | 0.44                     | 0.33                     |
| Unamortized provision debited from 'other reserves' | -                        | -                        |

### 38. Corporate Social Responsibility (CSR)

As per the provisions of section 135 of the Companies Act, 2013 every company shall ensure that it spends in every financial year, at least two per cent of the average net profits made during the three immediately preceding

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

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.

### 39. Factoring Business:

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

### 40. Earnings per Equity 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.

As required by Accounting Standard 20 ("AS-20"): Earnings per Share, in the event of Bonus issue by a company, the basic and diluted EPS should be calculated after taking into consideration the bonus shares issued, for all the reporting periods presented subsequent to the Bonus issue. Accordingly, as required by AS-20 both basic and diluted EPS for all the reporting periods have been calculated after taking into consideration the bonus shares.

(₹ in crore)

| Particulars                                                                           | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
|---------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| <b>Basic earnings per share</b>                                                       |                             |                             |
| Weighted average number of equity shares                                              | 80,009,250                  | 78,014,996                  |
| Net profit after tax attributable for equity shareholders (₹ in Crore)                | 42.74                       | 20.47                       |
| Basic earnings per share (F.V. ₹ 10 each) (Rupees)                                    | 5.34                        | 2.62                        |
| <b>Diluted earnings per share</b>                                                     |                             |                             |
| Weighted average number of equity shares (including dilutive potential equity shares) | 80,009,250                  | 78,014,996                  |
| Net Profit after tax attributable for equity shareholders (₹ in Crore)                | 42.74                       | 20.47                       |
| Diluted Earnings Per share (F.V. ₹ 10 each) (Rupees)                                  | 5.34                        | 2.62                        |

### 41. 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

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 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) 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 ₹3.68 crore with respect to these matters.
- (b) Bank has few Direct Tax litigations of earlier year's wherein probability of getting favorable judgments are high. There is remote possibility of probable cash out flow in respect of such litigations & hence not shown under contingent liability.

### 42.Fixed Assets - Software:

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

| Particulars                                   | (₹ in crore)           |                        |
|-----------------------------------------------|------------------------|------------------------|
|                                               | As at<br>31 March 2022 | As at<br>31 March 2021 |
| At cost at the beginning of the year 01 April | 32.78                  | 29.05                  |
| Additions during the year                     | 4.71                   | 3.73                   |
| Deductions during the year                    | -                      | -                      |
| Accumulated depreciation up to 31 March       | 28.57                  | 21.79                  |
| Net block as at 31 March                      | 8.92                   | 10.99                  |

### 43.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.

### 44.Deposits :

As per the Operating Guidelines of Payment Banks, Payment Banks can accept only savings and current deposits. The aggregate limit per customer has been extended to ₹ 200,000 from 07th April 2021 by RBI as against the previous limit of ₹ 1,00,000. Payment Banks 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.

The Bank has made sweep out arrangements with Suryodaya Bank in order to ensure adherence to RBI guidelines.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 45. 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:

| Particulars                                                            | (₹ in crore)                |                             |
|------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                        | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
| Not later than one year                                                | 8.73                        | 7.88                        |
| Later than one year and not later than five years                      | 23.08                       | 19.21                       |
| Later than five years                                                  | 7.07                        | 10.40                       |
| <b>Total</b>                                                           | <b>38.88</b>                | <b>37.49</b>                |
| Lease payment recognized in Statement of Profit and Loss for the year* | 11.53                       | 11.13                       |

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

### 46. Issue of Bonus shares by the Bank :

The Board of Directors of the Bank at its meeting held on July 22, 2021 has approved the allotment of 33,434,999 Bonus Equity Shares of face value of ₹ 10/- each in ratio of 0.75:1 (i.e point seventy-five new equity share of ₹ 10/- each for every 1 equity share of ₹ 10/-each) to the existing shareholders of Bank.

### 47. 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.

### 48. COVID-19

During FY 2021, the COVID-19 pandemic resulted in a nation-wide lockdown in April-May 2020 which substantially impacted economic activity. Currently, while the number of new COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Bank management believes that there is no need to make any adjustments to the financial statements basis the impact of COVID-19 on the Bank's operations.

### 49. Employee Stock Option Plan ("ESOP") :

During the year ended March 31, 2022, the Bank has granted 7,80,236 employees stock options (ESOP). The Bank measures compensation cost relating to the employee stock options using the fair value method. The fair value of stock options is estimated on the date of grant using the Black- Scholes model with the following assumptions

| Particulars                        | 2021-22         |
|------------------------------------|-----------------|
| Expected Volatility                | 26.65% - 33.19% |
| Risk Free Interest rates           | 4.80%-5.68%     |
| Fair value of option on grant date | 176.02          |

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 50. Other Expenditure :

The following table sets forth, for the periods indicated, the details of Other Expenditure (exceeding 1% of the revenue):

| (₹ in crore)                                               |                             |                             |
|------------------------------------------------------------|-----------------------------|-----------------------------|
| Nature of Expenses                                         | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
| Business Correspondents & Merchant Commission              | 559.43                      | 433.34                      |
| NPCI Switching Fees & Interchange Expenses                 | 56.22                       | 30.45                       |
| Consultancy Charges                                        | 35.25                       | 26.28                       |
| Membership & Subscription Charges                          | 10.23                       | 2.67                        |
| Staff Welfare Expenses                                     | 10.15                       | 7.51                        |
| Bank charges                                               | 3.19                        | 1.59                        |
| Branch & Guesthouse Expenses                               | 1.10                        | 1.30                        |
| Welcome Letters, Debit cards & Debit cards Personalisation | 5.76                        | 10.99                       |
| Other office & Miscellaneous Expenses *                    | 31.44                       | 25.50                       |
| <b>Grand Total</b>                                         | <b>712.77</b>               | <b>539.63</b>               |

\*Includes UIDAI EKYC Authentication Charges, Housekeeping & Security charges, Training, CCIL Charges, NEFT Clearing charges and RTGS Membership fees among others.

### 51. Social Security Code :

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. The effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are not yet issued. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

### 52. Payment of DICGC Insurance Premium

|        |                                      |                             | (₹ in crore)                |
|--------|--------------------------------------|-----------------------------|-----------------------------|
| Sr. No | Particulars                          | Year Ended<br>31 March 2022 | Year Ended<br>31 March 2021 |
| 1.     | Payment of DICGC Insurance Premium # | 0.60                        | 0.36                        |
| 2.     | Arrears in payment of DICGC premium  | -                           | -                           |

# Excluding goods and service tax

### 53. Net Stable Funding ratio (NSFR)

The provisions of Net Stable Funding Ratio (NSFR), as per the circular on Basel III Framework on Liquidity Standards - Net Stable Funding Ratio (NSFR), are not applicable to the Payments Banks and hence no disclosures have been provided.

## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 54. Implementation of IFRS converged Indian Accounting Standards (Ind AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). However, currently the implementation of Ind AS for banks has been deferred by RBI till further notice pending the consideration of some recommended legislative amendments by the Government of India.

Further, Fino PayTech Limited, our parent company, prepares its financial statements in accordance with Ind AS and such statements include our financial statements prepared in accordance with Ind AS for the limited purpose of inclusion in the parent company's consolidated financial statements. In view of the same, the Bank is in an advanced stage of preparedness for implementation of Ind AS, as and when these are made applicable to the banks.

### 55. Contractual Obligations and Commitments :

The following table sets forth a summary of our contractual obligations :

| Particulars                                                                                    | (₹ in crore)        |                     |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|
|                                                                                                | As at 31 March 2022 | As at 31 March 2021 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 0.64                | 14.18               |

### 56. Rule 11 of the Companies (Audit and Auditors) Rules, 2014

Fino Payments Bank is engaged in providing various types of financial services such as current and savings accounts, remittances, business correspondent, mobile banking, bill payments and third party financial products distribution to the rural, poor and underserved and unserved classes to help them be economically self-reliant.

Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has also not received any fund from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### 57. Marketing & Distribution

The following table sets forth, for the periods indicated, income received from marketing and distribution function.

| Particulars                                                   | (₹ in crore)             |                          |
|---------------------------------------------------------------|--------------------------|--------------------------|
|                                                               | Year Ended 31 March 2022 | Year Ended 31 March 2021 |
| Income received in respect of the marketing and distribution# | 1.21                     | 0.06                     |

#Includes referral fees from distribution of third party loans.



## Schedule 18 - Notes forming part of financial statements for the year ended 31 March 2022 (Continued)

### 58. Disclosures regarding Priority Sector Lending Certificates (PSLCs)

As per Operating Guidelines, Payment Banks are not permitted to lend to any person including their directors. The Bank has not purchased or sold any PSLCs during the year ended 31 March 2022 and 31 March 2021 and accordingly, the disclosure requirements with respect to PSLC are not applicable.

### 59. Disclosure of facilities granted to directors and their relatives

The Bank has not extended any fund or non fund facilities to directors, their relatives, companies or funds in which they are interested.

### 60. Fees paid to Statutory Auditors

The total fees (excluding taxes) incurred by the Bank for the services rendered by the statutory auditors M S K C & Associates are as below:

| (₹ in crore)                                    |            |            |
|-------------------------------------------------|------------|------------|
| Particulars                                     | FY 2021-22 | FY 2020-21 |
| Audit Fees (including Statutory Certifications) | 0.52       | 0.56       |
| Reimbursement of expenses                       | 0.01       | -          |

(An amount of ₹ 1.85 crores paid/ provided to auditors towards services with respect to Initial Public Offering of equity shares by the Bank. (Refer Note 15 (ii)(a))

61. The Board of Directors have not recommended any dividend for the financial year 2021-22.

62. 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 M S K C & Associates

Chartered Accountants  
ICAI Firm Registration No: 0015955

#### Padmashree Crasto

Partner  
Membership No: 117156

Place : Navi Mumbai  
Date : 16 May 2022

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

Fino Payments Bank Limited

#### Rishi Gupta

Managing Director &  
Chief Executive Officer

#### Basavraj Loni

Company Secretary & DVP - Legal

Place : Navi Mumbai  
Date : 16 May 2022

#### Deena Mehta

Independent Director

#### Ketan Merchant

Chief Financial Officer



#AaiyeTohSahi

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