

September 03, 2024

**BSE Limited**

P.J. Towers,  
Dalal Street, Mumbai- 400 001

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block,  
Bandra - Kurla Complex,  
Bandra (E), Mumbai - 400 051

**Scrip Code: 543386**

**Symbol: FINOPB**

Dear Sir/ Madam,

**Sub: Notice of the 8<sup>th</sup> Annual General Meeting ("AGM") and Annual Report of Fino Payments Bank Limited ("Bank") for the financial year 2023-24**

Pursuant to the Regulation 30 and 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**"), we wish to inform that the Eighth (8<sup>th</sup>) AGM of the Members of the Bank will be held on Wednesday, September 25, 2024 at 12:00 Noon (IST) through Video Conferencing/Other Audio Visual Means in compliance with the applicable regulatory provisions.

In this regard, please find attached the Notice of 8<sup>th</sup> AGM ("**Notice**"), Annual Report of the Bank ("**Annual Report**") and the Business Responsibility and Sustainability Report ("**BRSR**") for the financial year 2023-24.

Further, the Bank has commenced the dispatch of the Annual Report for the FY 2023-24 along with the Notice of the AGM through electronic mode to those Members whose e-mail addresses are registered with the Depositories Participants/ RTA/ Bank.

Further, the schedule for the 8<sup>th</sup> AGM including e-Voting details are given below:

<b>Cut-Off Date</b>	Wednesday, September 18, 2024
<b>Remote e-Voting Start Date and Time</b>	Sunday, September 22, 2024 at 9:00 a.m. (IST)
<b>Remote e-Voting End Date and Time</b>	Tuesday, September 24, 2024 at 5:00 p.m. (IST)
<b>Date and Time of AGM</b>	Wednesday, September 25, 2024 at 12:00 Noon (IST)

The Notice, Annual Report and BRSR shall be available on the website of the Bank at [www.finobank.com](http://www.finobank.com) and also on the websites of the Stock Exchanges viz. BSE Limited at [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and on the website of the e-voting service provider engaged by the Bank viz. National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Kindly take the same on record.

Yours faithfully,

**For Fino Payments Bank Limited**

**Basavraj Loni**

**Company Secretary & Compliance Officer**

Place: Navi Mumbai

Encl.: As above

## FINO PAYMENTS BANK LIMITED

CIN: L65100MH2007PLC171959

**Regd. Office:** 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

**Phone:** +91 22 7104 7000

**E-mail:** [cs@finobank.com](mailto:cs@finobank.com) | **Website:** [www.finobank.com](http://www.finobank.com)

### NOTICE

**NOTICE** is hereby given that the **8<sup>th</sup> (Eighth) Annual General Meeting ("AGM")** of the Members of **Fino Payments Bank Limited ("Bank")** will be held on **Wednesday, September 25, 2024 at 12:00 Noon**, Indian Standard Time ("**IST**") through Video Conferencing ("**VC**") or Other Audio-Visual Means ("**OAVM**"), in compliance with the relevant provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant circulars issued by Ministry of Corporate Affairs ("**MCA**") and Securities and Exchange Board of India ("**SEBI**") in this regard, to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Bank for the financial year ended March 31, 2024 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Rishi Gupta (DIN: 01433190), who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS:

3. To approve an amendment in the 'Fino Payments Bank Limited - Employees Stock Option Policy, 2020'

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** in partial modification of the earlier resolutions passed by the Members for approving and modifying the "Fino Payments Bank Limited – Employees Stock Option Policy, 2020" ("**ESOP 2020**") from time to time, pursuant to the provisions of Section 62(1)(b) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder ("**Act**"), Regulation 7 of the Securities and

Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SBEB & SE Regulations**") read with all circulars and notifications issued thereunder, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") and other applicable provisions for the time being in force and as may be modified from time to time, and other laws, rules, regulations, circulars and guidelines of any / various statutory / regulatory authority(ies) that are or may become applicable, the relevant provisions of the Memorandum and Articles of Association of Fino Payments Bank Limited ("**Bank**") and pursuant to the recommendation of the Nomination and Remuneration Committee ("**NRC**") and approval of the Board of Directors of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s), as may be required, approval of the Members of the Bank be and is hereby accorded to amend ESOP 2020 as per the details stated in the Explanatory Statement annexed to this Notice.

**RESOLVED FURTHER THAT** all other terms and conditions of the ESOP 2020 and all subsisting consents, authorizations and approvals granted from time to time, with regard to implementation and administration of the ESOP 2020, shall remain unchanged and continue to be in force.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, deem necessary in this regard, being incidental to the effective implementation and administration of the ESOP 2020 as also to make applications to the appropriate authorities, institutions, as the case may be, for their requisite approvals as also to initiate or take all necessary or incidental actions in the above connection and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions to give effect to the above resolution."

#### Registered Office:

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  
CIN: L65100MH2007PLC171959  
Email: [cs@finobank.com](mailto:cs@finobank.com)  
Website: [www.finobank.com](http://www.finobank.com)

Place: Navi Mumbai  
Date: August 21, 2024

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

**Basavraj Loni**

Company Secretary & Compliance Officer  
ICSI Membership No. ACS: 23095

## Notes:

1. The Ministry of Corporate Affairs vide General Circular No. 14/ 2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021 and 02/2022 dated May 05, 2022, 10/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 (collectively referred as “MCA Circulars”) and the Securities and Exchange Board of India (“SEBI”) vide Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/ CMD2/ CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated January 05, 2023 and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 (collectively referred as “SEBI Circulars”) has permitted companies to hold Annual General Meetings through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without physical presence of the Members at a common venue and provided relaxation from dispatching of physical copy of Annual Report upto September 30, 2024.

2. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), MCA Circulars and SEBI Circulars, the 8<sup>th</sup> (Eighth) Annual General Meeting (“AGM”) of the Bank is being held through VC/ OAVM. Hence, the Members can attend and participate in the ensuing AGM through VC/ OAVM only. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Bank which shall be the deemed Venue of the AGM.

3. In compliance with the MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report for the F.Y. 2023-24 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Bank/ Registrar and Transfer Agent (“RTA”) i.e. KFin Technologies Limited (“KFIN”) or with the Depository Participant (“DP”).

The Members will be entitled to get a physical copy of the Annual Report for the F.Y. 2023-24, free of cost, upon sending a request to the Bank on [cs@finobank.com](mailto:cs@finobank.com). The Members may note that the Notice of the AGM and the Annual Report are also available on the Bank’s website at [www.finobank.com](http://www.finobank.com) and on the websites of Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com). The Notice of the AGM and the Annual Report is also available on website of e-Voting agency i.e., National Securities Depository Limited (“NSDL”) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

4. The Bank has enabled the Members to participate at the AGM through the VC/ OAVM facility provided by NSDL. The instructions for participation by Members are given in the subsequent paragraphs.

### 5. PROXIES:

**Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy**

**to attend and vote on his/ her behalf and the proxy need not be a Member of the Bank. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC/ OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip including the route map are not annexed to this Notice.**

6. The Institutional/ Corporate Members (i.e. other than individuals/ HUF, NRI, etc.) intending their authorized representatives to attend the AGM through VC/ OAVM on its behalf and to vote through remote e-Voting are requested to send scanned certified true copy (PDF/JPEG Format) of the Board Resolution/ Authority Letter etc. to the Scrutinizer by e-mail through its registered e-mail address at [cskaushikjoshi@gmail.com](mailto:cskaushikjoshi@gmail.com) with a copy marked to [cs@finobank.com](mailto:cs@finobank.com).

The Institutional / Corporate Members can also upload the aforesaid documents by clicking on “**Upload Board Resolution / Authority Letter**” displayed under “**e-voting**” tab in their login.

7. In case of joint holders, only such joint holder who is higher in the order of names as per the Register of Members of the Bank will be entitled to vote at the AGM.
8. The Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
9. The relevant details pursuant to Regulation 36 of the SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by the Institute of Companies Secretaries of India (“SS-2”), in respect of item no. 2 of this Notice is attached herewith as **Annexure - 1**.

An Explanatory Statement pursuant to the provision of Section 102 (1) of the Act, as amended read with relevant rules made thereunder, SS-2 and SEBI Listing Regulations, setting out the material facts and reasons, in respect of item no. 3 of this Notice is annexed herewith.

10. All relevant documents referred to in this Notice requiring the approval of the Members at the AGM will be available for inspection by the Members. Members who wish to inspect the documents are requested to send an e-mail to [cs@finobank.com](mailto:cs@finobank.com) mentioning their name, folio no. / client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the e-mail.
11. The information related to the unpaid dividend has not been provided in this Notice as the Bank has not declared any dividend during any preceding years and hence, the provisions of Section 124 of the Act read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 are not applicable. Further, since all the shares of the Bank are in demat mode, information related to physical shares are also not provided in this Notice.

12. Members are requested to update their details such as name, postal address, e-mail address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code etc. with their DPs. Members may contact their respective DPs for availing the nomination facility.
13. The SEBI has mandated the submission of PAN by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN details to their DP for KYC in accordance with the SEBI Circulars dated November 03, 2021/March 16, 2023, the folios wherein any one of the aforesaid KYC details are not available on or after April 01, 2023/October 01, 2023 shall be frozen by the RTA.
14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form. Further, as per SEBI Circular dated January 25, 2022, the request of transmission or transposition of securities shall only be processed in dematerialized form by following the steps mentioned in the said circular. All the shares of the Bank are in dematerialised form.
15. Members who have not registered their e-mail IDs, are requested to kindly register the same by contacting DP and register e-mail ID and mobile number in demat account, as physical copies of this Notice and Annual Report will not be sent to them in physical mode and will be sent only by e-mail, in accordance with the applicable Circulars.
- 16. Procedure & Instructions for e-Voting and joining the AGM through VC/ OAVM are as follows:-**
  - A. VOTING THROUGH ELECTRONIC MEANS:**
    - a. In terms of Section 108 and other applicable provisions, if any, of the Act, read with the Companies (Management and Administration) Rules, 2014 and other relevant rules made thereunder, as amended, Regulation 44 of the SEBI Listing Regulations and MCA Circulars read with SEBI Circulars, the Bank is pleased to provide the facility of remote e-Voting and e-Voting during the AGM to its Members holding shares as on Wednesday, September 18, 2024 (“cut-off date”), to exercise their right to vote through electronic means on any or all of the businesses specified in this Notice. The Bank has engaged the services and made necessary arrangements with NSDL for facilitating voting through electronic means, as authorized e-Voting agency.
    - b. The Remote e-Voting commences on Sunday, September 22, 2024 at 9:00 a.m. (IST) and ends on Tuesday, September 24, 2024 at 5:00 p.m. (IST). The e-Voting module shall be disabled by NSDL for voting thereafter.
    - c. A person who is not a Member as on the cut-off date should treat this Notice for information purpose only.  
  
Those Members, who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through Remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.
    - d. The Members who have cast their vote by remote e-Voting prior to the AGM may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.
    - e. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Bank as on the cut-off date, subject to the provisions of the Banking Regulation Act, 1949, as amended from time to time and RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 dated January 16, 2023.
    - f. Only a person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the RTA of Bank as on the cut-off date, shall be entitled to avail the facility of Remote e-Voting or casting vote through e-voting system during the AGM.
    - g. The Members are strongly advised to use the e-voting procedure by themselves and not through any other person.
    - h. The Board of Directors has appointed Mr. Tribhuwneshwar Kaushik (Membership No: F10607) and in his absence, Mr. Savyasachi Joshi (Membership No F12752) of M/s. Kaushik Joshi & Co., Practising Company Secretaries, as the Scrutinizer to scrutinize the Remote e-Voting process and the e-Voting process during the AGM, in a fair and transparent manner.




**The details of the process and the way to vote electronically on NSDL e-Voting system consists of ‘Two Steps’ which are mentioned below:**

#### **Step 1: Access to NSDL e-Voting system**

##### **A) Login method for e-Voting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDEAS user can visit the e-Services website of NSDL viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDEAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>If you are not registered for IDEAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDEAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a> Proceed to complete registration using your DP ID, Client ID, Mobile Number, etc. After successful registration, please follow steps given under Sr. No. 1 above to cast your vote.</li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <b>App Store</b> </div> <div style="text-align: center;">  <b>Google Play</b> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi/Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username &amp; password.</li> <li>After successful login the Easi/Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> </ol>

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from an e-Voting link available on <a href="https://www.cdsindia.com">https://www.cdsindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your DP registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login, can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at toll free no.: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login, can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800-21-09911

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode.**

**How to Log-in to NSDL e-Voting website**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com> with your existing IDeAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL)	User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 12***** then your user ID is 12*****.



5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account. The .pdf file contains your 'User ID' and your 'initial password'.
    - ii. If your email ID is not registered, please follow the detailed procedure with respect to registration of e-mail addresses as mentioned in note no. 15 of this Notice.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option is available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) If you are still unable to get the password by aforesaid option, you can send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - c) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.
2. Select "EVEN" of Fino Payments Bank Limited i.e. 130224.
3. Now you are ready for e-Voting as the voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**The instructions for members for e-voting on the day of the AGM are as under:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

**General guidelines for Members**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on <https://www.evoting.nsdl.com> to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions ("FAQs") for Shareholders and e-Voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 022-48867000 or send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com)
3. In case of any grievances connected with the facility of e-voting, please contact Ms. Pallavi Mhatre, Sr. Manager, NSDL, 3<sup>rd</sup> Floor, Naman Chamber, Plot C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra - 400051 or write on [evoting@nsdl.com](mailto:evoting@nsdl.com)

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

**Process for those shareholders whose e-mail IDs are not registered with the depositories for procuring user ID and password and registration of e-mail IDs for e-Voting for the resolutions set out in this notice:**

1. For the shares held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN Card), Aadhaar (self-attested scanned copy of Aadhaar Card) to [cs@finobank.com](mailto:cs@finobank.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
2. Alternatively, Members may send a request to [evoting@nsdl.com](mailto:evoting@nsdl.com) for procuring user ID and password for e-voting by providing above mentioned documents.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and DPs. Shareholders are required to update their mobile number and e-mail ID correctly in their demat account in order to access e-Voting facility.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- i. The Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. The Members may access by following the steps mentioned above for 'Access to NSDL e-voting system'. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/ OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice to avoid last minute rush.
- ii. In accordance with the MCA Circulars, the VC/ OAVM will have a capacity to allow at least 1000 Members to participate in the AGM and such participation shall be on a first-come-first-served basis. However, please note that pursuant to the MCA Circulars, large Shareholders (i.e. Shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. may be allowed to attend the AGM without restriction on account of first-come- first-served principle.

- iii. The link for joining the AGM through VC/ OAVM will be activated 30 minutes before the time scheduled for commencement of the AGM and will be closed 30 minutes after commencement of the AGM. The Members may join the AGM by following the procedure mentioned in this Notice.
- iv. The Members are encouraged to join the Meeting through Laptops for better experience. Further, the Members will be required to allow camera and use internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- v. The Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending request from their registered e-mail ID mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at [cs@finobank.com](mailto:cs@finobank.com) in advance i.e. at least seven (7) days prior to date of AGM. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Bank reserves the right to restrict the number of questions and number of speakers depending on the availability of time for the AGM.
17. A person, who acquire shares of the Bank and become member of the Bank after the date of sending of this Notice and hold shares as on the cut-off date i.e. Wednesday, September 18, 2024 can cast the vote by following instructions as mentioned in this Notice under "Access to NSDL e-voting system".
18. In line with "Green Initiative" the Members whose email addresses are not registered with the Bank/RTA or with their respective DP are requested to register and update their email address through respective DP.
19. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM thereafter unblock the votes cast through remote e-Voting and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Managing Director & CEO or Company Secretary who shall countersign the same, in accordance with the applicable provisions of law. The results of voting will be announced within 2 (two) working days of the conclusion of AGM and same along with the Scrutinizer's Report will be available on the Bank's website at [www.finobank.com](http://www.finobank.com) and on the e-Voting agency's website i.e. NSDL at <https://www.evoting.nsdl.com> and communication of the same will be sent to BSE Limited and National Stock Exchange of India Limited. The Bank will also display the results of the AGM on the notice board at its Registered Office.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND OTHER APPLICABLE PROVISIONS

### Item No. 3

Fino Payments Bank Limited (“**Bank**”) had formulated the “Fino Payments Bank Limited - Employees Stock Option Policy, 2020” (“**ESOP 2020**”) with the approval of the Members vide their resolution dated May 17, 2021 in due compliance of the provisions of the Companies Act, 2013 (“**Act**”) and subsequently, the same was amended by the Members at their Extra-Ordinary General Meeting held on July 24, 2021 to align the ESOP 2020 of the Bank as per the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Later, the ESOP 2020 was amended by the Members at their Extra-Ordinary General Meeting held on October 12, 2021 to align the ESOP 2020 of the Bank as per the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“**SBEB & SE Regulations**”). Further, the Members, post listing of equity shares of the Bank on the stock exchanges, ratified the ESOP 2020 through Postal Ballot on April 29, 2022.

The ESOP 2020 has been implemented with a view to attract, retain, incentivize and motivate employees of the Bank by way of rewarding their performance and motivate them to contribute to the overall growth and profitability of the Bank.

The Bank has shown a significant growth in the financial performance with highest Profit after tax (PAT) with 32.4% YoY growth & Average Deposits grew by 49% YoY for F.Y. 2023-24. The Bank maintains its focus on expanding its ownership business, liability generation and providing an extended array of customized digital products, through seamlessly integrating advanced technology while upholding stringent compliance standards. The Bank is committed on strengthening its business model through diversification and emerge as a profitable digital Bank.

### Financial Highlights for F.Y. 2023-24

- F.Y. 2023-24 revenue increased by 20.20% YoY to ₹1,478.38 Crore.
- EBITDA expanded by 40.68% YoY to ₹191.44 Crore and PAT grew by 32.43% YoY to ₹86.22 Crore.
- PAT margins in F.Y. 2023-24 is at 5.83% up from 5.29% in F.Y. 2022-23.
- Throughput increased by 40.58% YoY in F.Y. 2023-24. Digital impetus gains further ground as it contributes 36.98% to the overall throughput (up from 19.20% in F.Y. 2022-23).

The Bank continues its journey during Q1'FY25 with increased PBT by 30.17% YoY on the back of digital surge resulting in historic highest revenue quarter. The Bank witnessed a significant growth of 25.43% in revenue by broadening and improving its range of digital products. The Bank's strategic emphasis is on advanced technology primes for future opportunities.

The Bank believes that a consistent association of employees leads to assurance of meeting the long-term growth plans resulting into investor confidence and increased shareholder value. Such consistent and stable team is better positioned to implement and

oversee long-range plans which is not possible without a well-structured reward system for its employees. The Bank believes to provide continued incentives to those who are in the Bank and delivering for Bank's growth and profitability.

With this background, the Board recommends a change in Clause 7(b)(1) for vested options, in Post Listing scenario of the ESOP 2020, to allow the eligible employees to exercise the vested options within a period of five years from the date of vesting, which was earlier three years from the date of vesting.

The existing and proposed Clause 7(b)(1) for vested options, in Post Listing scenario of the ESOP 2020 is given below:

Sr. No.	Particulars	Existing Clause	Proposed Clause
1	While in Employment of the Bank or Fino Group, including any subsidiary or an associate company of the Bank pursuant to an internal transfer/ deputation	Can be exercised within a period of three years from the date of Vesting.	Can be exercised within a period of five years from the date of Vesting.

The above change shall encourage the employees to benefit from long term employment with the Bank/its affiliates.

Apart from the above, no other amendments are proposed in the ESOP 2020 through resolution no. 3.

Pursuant to Regulation 7 of the SBEB & SE Regulations, a company may by special resolution of its shareholders vary the terms of the schemes offered, provided the options are not exercised by the employees yet and the variation is not prejudicial to the interests of the employees.

Given the nature of proposed amendment, it is not prejudicial to the interest of existing and proposed option grantees and none of the options already granted have been exercised by the employees yet. The beneficiaries of this amendment shall be the option grantees, existing and future.

Features of ESOP 2020 shall remain the same as approved by Members in past, except as mentioned in the Explanatory Statement hereinbefore and are reproduced again in terms of the Act and SBEB & SE Regulations.

### Disclosures under Section 62 of the Act read with the Rules made thereunder and SBEB & SE Regulations:

#### i. Brief Description of the ESOP 2020:

The objective of the ESOP 2020 is to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this policy to attract and retain talent in the Bank. The Bank views employee stock options as instruments that would enable the Employees to share the value they create for the Bank in the years to come.

In view of the aforesaid objectives, ESOP 2020 contemplates grant of options to the eligible employees (which includes eligible Directors) of the Bank and/or Fino Group. Upon vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercise period and obtain Shares of the Bank subject to payment of exercise price and satisfaction of tax obligation, if any, arising thereon. The Nomination and Remuneration Committee (“NRC”) administers the ESOP 2020.

ii. **Total number of options to be granted under the ESOP 2020:**

Total number of options granted/to be granted under the ESOP 2020 shall not exceed 15,45,175 options.

The SBEB & SE Regulations requires that in case of any corporate action such as rights issue, bonus issue, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the number of options granted or exercise price or both. In this regard, the NRC shall adjust the number of options and/or exercise price. Accordingly, if any additional options are required to be granted by the Bank to the option grantees for making such fair and reasonable adjustment, the aforesaid ceiling of options / shares shall be deemed to be adjusted.

iii. **Identification of classes of employees entitled to participate and be beneficiaries in ESOP 2020:**

(i) An employee working in India or outside India; (ii) a director of the Bank, whether a Managing / Whole time director or not but excluding an independent director; (iii) Material Risk Takers; (iv) an employee as defined in clause (i) or (ii) of above of the Fino Group, including any subsidiary or associate company, in India or outside India, or of a holding company of the Bank, but does not include an employee who is not eligible to participate in the ESOP 2020 under Applicable Law.

iv. **Requirement of Vesting and period of Vesting:**

Options granted under ESOP 2020 would vest as follows:

At the Year 1 from date of grant of option	Nil
At the Year 2 from date of grant of option (i.e. after the end of first year from the date of grant of option)	33.33% of the options so granted
At the Year 3 from date of grant of option (i.e. after the end of second year from the date of grant of option)	33.33% of the options so granted
At the Year 4 from date of grant of option (i.e. after the end of third year from the date of grant of option)	33.33% of the options so granted

Unless otherwise set out in ESOP 2020, vesting of the options would be subject to continued employment with the Bank and thus the options would vest on passage of time in accordance with the above schedule. In addition to this, the NRC may also specify certain performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place

as outlined in the agreement to be executed by the option grantee at the time of grant of the options.

v. **Maximum period within which the options shall be vested:**

The options shall be vested not later than a maximum of 3 (three) years from the date of grant of options as stated above.

vi. **Exercise Price or Pricing Formula:**

Unless otherwise approved by the NRC, all options to subscribe to equity shares pursuant to the ESOP 2020 shall have a purchase or Exercise Price at such percentage of discount determined by NRC on the fair market value of the shares.

vii. **Exercise period and process of Exercise:**

Unless otherwise set out in ESOP 2020, the exercise period would be 3 (three)\* years from the date of vesting of respective options.

The options will be exercisable by the grantees by a written application to the Bank expressing his/ her desire to exercise such options along with payment of exercise price and applicable taxes in such manner and on execution of such documents, as may be prescribed from time to time. The options will lapse if not exercised within the specified exercise period.

*\*This may undergo change subject to the approval by Members as proposed in this AGM.*

viii. **Appraisal process for determining the eligibility of the employees to ESOP 2020:**

The options shall be granted to the eligible employees as per performance appraisal system of the Bank and the NRC at its discretion may adopt any eligibility criteria for determining eligibility of any employee or a class thereof on the basis of designation, role, performance rating and future potential of employees as per ESOP 2020.

ix. **The Maximum number of options to be granted per employee and in aggregate:**

The number of options that may be granted to any specific employee shall not exceed 1% of the issued capital of the Bank at the time of the grant of options under the ESOP 2020.

x. **The Maximum quantum of benefits to be provided per employee under the ESOP 2020:**

Apart from the grant of options as stated above, no monetary benefits are contemplated under the ESOP 2020.

xi. **Whether the ESOP 2020 is to be implemented and administered directly by the Bank or through a Trust:**

ESOP 2020 is implemented and administered directly by the Bank through NRC.

xii. **Whether the ESOP 2020 involves new issue of shares by the Bank or secondary acquisition by the Trust or both:**

The ESOP 2020 involve issue of fresh shares by the Bank.

xiii. **The amount of loan to be provided for implementation of the ESOP 2020 by the Bank to the Trust, its tenure, utilization, repayment terms, etc.:**

Not Applicable.

xiv. **The Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purposes of the ESOP 2020:**

Not Applicable.

xv. **Statement to the effect that the Bank shall conform to the accounting policies specified in Regulation 15:**

The Bank shall comply with the applicable accounting policies as prescribed under Regulation 15 of SBEB & SE Regulations and other applicable laws.

xvi. **The method which the Bank shall use to value its options:**

The Bank shall adopt fair value method or any other method in accordance to the guidance note on Accounting for Employee Share Based Payments issued by the ICAI.

xvii. **Statement with regard to Disclosure in Directors' Report:**

As the Bank is adopting the fair value method, presently there is no requirement for disclosure in the Board's report. However, if in future, the Bank opts for expensing of share based employee benefits using the intrinsic value, then the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Board's report and the impact of this difference on profits and on earnings per share (EPS) of the Bank shall also be disclosed in the Board's report.

xviii. **Period of lock-in:**

The equity shares acquired pursuant to exercise of options shall not be subject to any lock-in and shall be freely transferable, except as restricted by applicable laws. Provided however, notwithstanding the aforementioned, employees holding shares pursuant to the exercise of the options under the ESOP 2020 will not transfer any shares to any person resident outside India, whether during the employment or after cessation of employment.

xix. **Terms & conditions for buyback, if any, of specified securities:**

Subject to the provisions of the then prevailing applicable laws, the NRC shall determine the procedure for buy-back of options granted under the ESOP 2020 if to be undertaken at any time by the Bank and the applicable terms and conditions thereof.

xx. **Conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct:**

All the vested options which are not exercised at the time of such termination due to misconduct or due to breach of Bank's policies or the terms of employment shall stand cancelled with effect from the date of such termination.

xxi. **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

In the event of resignation of employee or termination of employment (other than due to misconduct or breach of Bank's policies or terms of employment), all vested options can be exercised within a period of three years from the date of his/her last working day with the Bank.

xxii. **Listing:**

The equity shares to be allotted pursuant to the exercise of the stock options under ESOP 2020, shall be listed on BSE Limited and National Stock Exchange of India Limited.

A draft of the ESOP 2020 with the proposed amendment shall be available for inspection by the Members of the Bank, in the manner as mentioned in the notes to the Notice.

None of the Promoters, Directors, Key Managerial Personnel and their relatives (except to the extent of ESOPs granted/to be granted to them pursuant to ESOP 2020), are in any way, concerned or interested, financially or otherwise in the said resolution.

The Board recommends the Special Resolution set out at Item no. 3 of this Notice for approval of the Members of the Bank.

**Registered Office:**

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  
CIN: L65100MH2007PLC171959  
Email: [cs@finobank.com](mailto:cs@finobank.com)  
Website: [www.finobank.com](http://www.finobank.com)

Place: Navi Mumbai

Date: August 21, 2024

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

**Basavraj Loni**

*Company Secretary & Compliance Officer*  
ICSI Membership No. ACS: 23095

## ANNEXURE -1

### DETAILS OF THE DIRECTOR SEEKING RE-APPOINTMENT AT THE 8<sup>th</sup> ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) ARE AS UNDER:

#### Item No. 2.

Name of the Director and DIN	Mr. Rishi Gupta (DIN: 01433190)			
Designation	Managing Director & CEO			
Age/Date of Birth	55 years/January 26, 1969			
Qualifications	Chartered Accountant and Cost Accountant			
Experience / Brief Profile	<p>Mr. Rishi Gupta is one of the founders of Fino PayTech Ltd, the holding Company of Fino Payments Bank Limited and was appointed as COO and CFO on January 01, 2007 where he successfully helped the group to build a robust business model with good governance and cutting-edge operational &amp; financial capabilities at Fino. Subsequently he became MD &amp; CEO of Fino PayTech Ltd (till May 2017). He is also the founding member of the Business Correspondent Federation of India (BCFI) and served as the Chairman of its Economic Affairs Committee. He is a member of ASSOCHAM.</p> <p>Mr. Rishi Gupta is a qualified Chartered Accountant (Rank Holder) and Cost &amp; Management Accountant and also holds a Bachelor's degree in commerce (Rank holder) from the prestigious Shri Ram College of Commerce (SRCC), University of Delhi.</p> <p>He has 30 years of rich experience across industries (primarily in financial services). Mr. Rishi Gupta started his career with Maruti Udyog Limited and thereafter moved to ICICI group. Post ICICI he moved to International Finance Corporation (IFC) where he was also a part of Regional Office of IFC and handled Budget and Project Finance.</p> <p>For 2011, 2012 and 2013, three years in stretch Mr. Rishi Gupta has been awarded "CFO100 Roll of Honor" – an effort to recognize the top 100 senior finance professionals in India, who have made a difference with their acumen, attitude and energy. In 2014, he also got India CFO Award for excellence in Finance –one start up by IMA. In 2018, he got the award for "CA Entrepreneur-Path Breaker – Banking &amp; Financial Services" by Institute of Chartered Accountants of India (ICAI).</p>			
Date of first appointment on the Board	June 27, 2016			
Number of Meetings of the Board attended during the F.Y. 2023-24	9/9			
Directorships held in other companies (Except Section 8 and Foreign Companies)	Nil			
Memberships / chairmanships of committees of Boards as on August 21, 2024	Sr. No.	Name of Company	Name of Committee	Position Held
	1.	Fino Payments Bank Limited	Risk & Asset Liability Management Committee	Member
			Stakeholders Relationship Committee	Member
			Corporate Social Responsibility Committee	Chairman
			IT Strategy Committee	Member
			Customer Service Committee	Chairman
			Committee of Directors (Operations)	Member
			Strategic Investment Committee	Member
			Business & Corporate Restructuring Committee	Member

Name of the Director and DIN	Mr. Rishi Gupta (DIN: 01433190)
Listed entities from which the person has resigned from the directorship in the past three years	Nil
Number of shares held in the Bank (including shareholding as a beneficial owner)	<ul style="list-style-type: none"> <li>• 5,325 Equity Shares in his personal capacity.</li> <li>• 2 Equity Shares as a registered owner without having beneficial interest in the same.</li> </ul>
Terms and conditions of appointment including details of remuneration	<p>The Members at their 6<sup>th</sup> (Sixth) AGM of the Bank held on September 29, 2022, had approved the re-appointment of Mr. Rishi Gupta as Managing Director &amp; CEO of the Bank, liable to retire by rotation, for a period of three (3) years, commencing from May 02, 2023 upto May 01, 2026 (both days inclusive) on a remuneration as may be approved by the members of the Bank and RBI from time to time.</p> <p>Accordingly, Mr. Rishi Gupta shall be paid such remuneration, as may be approved by the Members of the Bank and RBI from time to time.</p>
Remuneration last drawn	Pursuant to the approval of the RBI and Members vide postal ballot approved on Sunday, April 07, 2024, Mr. Rishi Gupta was paid remuneration of ₹4.69 Crore for F.Y.2022-23.
Nature of expertise in specific functional areas	Business Management, Payment Settlement, Banking, Accountancy, Economics and Finance.
Relationship with other Directors, Managers and Key Managerial Personnel of the Bank	None





Fino Payments Bank  
Annual Report 2023-24



Scan for Annual Report

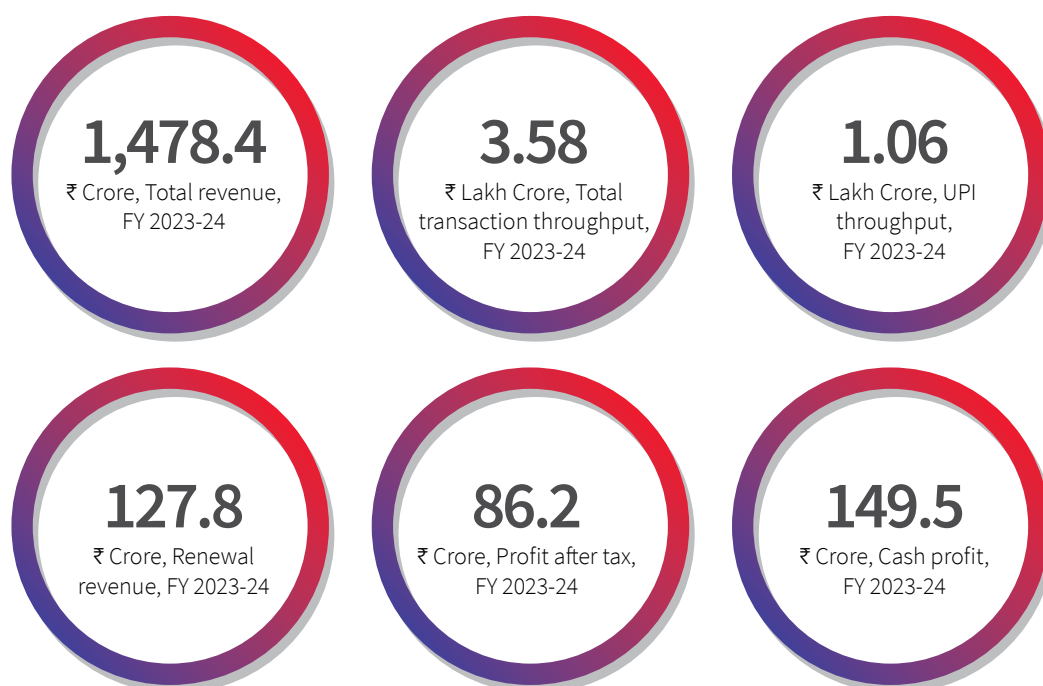
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## Performance at a glance



**Disclaimer:** We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual result deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. We cannot assess whether information in this report has been taken from third parties, or these provide the basis of our own evaluations, such use is made known in this report. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward looking statements, irrespective of whether these derive from third parties or ourselves. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

For reasons of brevity, Fino Payments Bank has been referred to as 'Fino Bank', 'Fino' or 'the Bank' in this report



Fino Bank transitioned from a **'transactions-led'** to a **'customer ownership'**-driven entity, strengthening the business model



Fino Bank increased predictable annuity revenues through **CASA renewals**



Fino Bank developed its own UPI switch that helped strengthen **UPI throughput** contribution to 30% of the overall FY 2023-24 throughput



Fino Bank grew the **digital payments service** business from negligible to around 6% of total revenues in FY 2023-24, a new revenue stream



Fino Bank applied to the Reserve Bank of India for a license to convert into a **Small Finance Bank**



Fino Bank activated a **technology upgrade** that will broadbase the Bank's operational foundation, complementing its extensive pan-India **distribution network**



Fino Bank reinforced its commitment to **diversity, inclusion and the highest standards of corporate governance** for sustainable growth



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## PRINCIPAL MESSAGES OF THIS REPORT

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## What you must read before you proceed with this Annual Report

At first glance, we may appear to be yet another bank. We are not. We are engaged in a larger exercise.

We are engaged in enhancing the self-worth of our customers and partners. Strengthening their confidence. Empowering them with technology. Transforming their destinies.

We are a socio-commercial enterprise instead.

We are engaged in transforming the lives of the largest number of people in the world, comprising India's rural population cluster. If our market was a country, it would have been the second largest in the world.

We are engaged in financial inclusion across this population set, an index of the seriousness of our business and the vastness of our intent.

We expect to deliver a progressive digital service, liberating our customers from the routine of the manual transaction and the drudgery of the commute.

We will empower our customers in doing more with their time, effort and money.

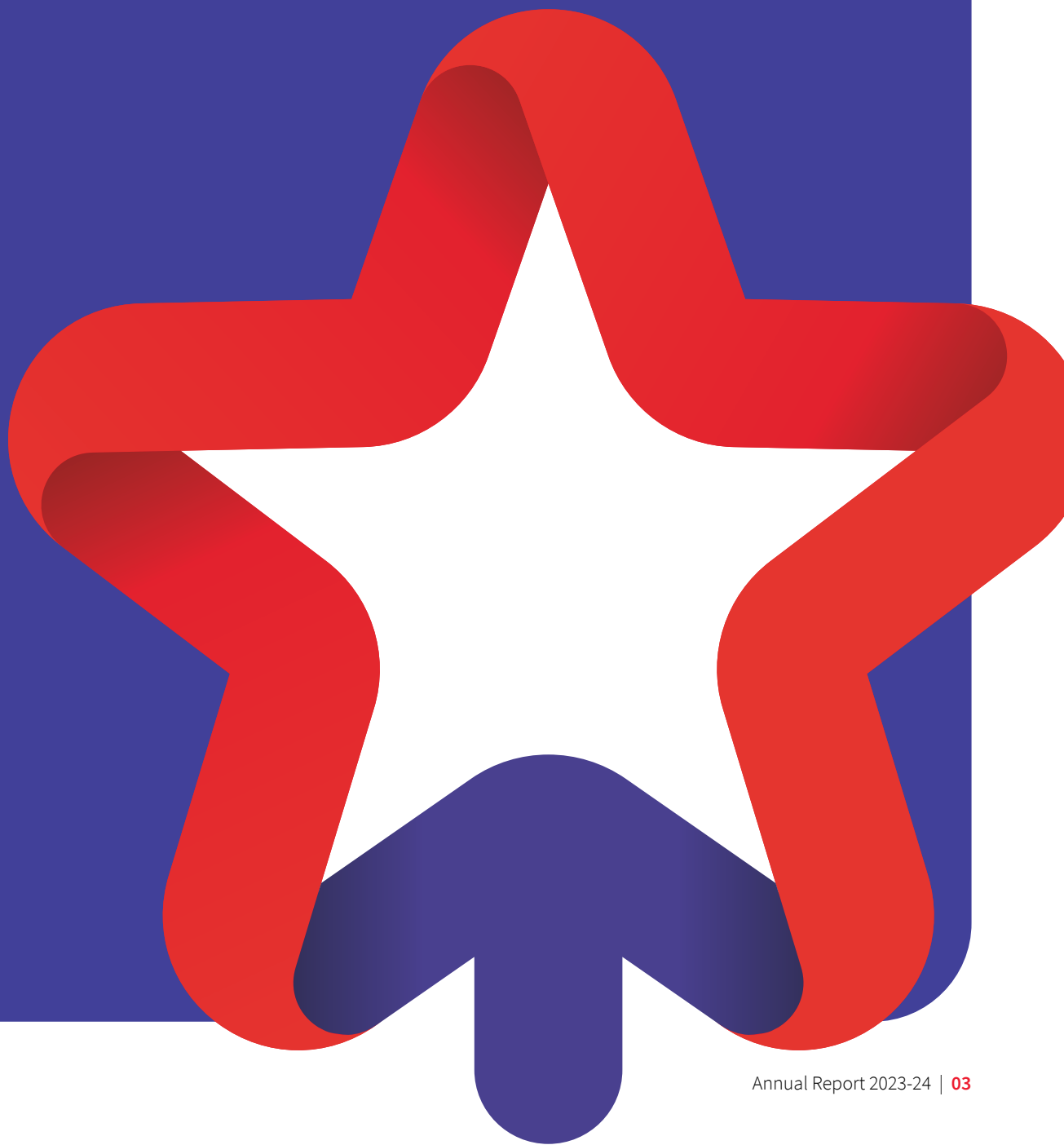
When you aggregate this across the 211 Crore transactions that were facilitated by our platform in FY 2023-24, you get millions of person-hours saved and reallocated into building livelihoods and the country bottom-up.

This brings us to what we are actually doing.

***Enhancing employment, national incomes, productivity and prosperity.***

PART 1

# WHO WE ARE



## Fino Payments Bank.

One of the most exciting sectorial proxies, addressing the need for financial inclusion across millions in rural India.

With its customer ownership approach, the Bank aims to build a strong liability franchise network.

In its digital bank avtaar, it addresses the daily payments needs of a sizable part of the Indian population.

It is positioned as a local banking partner that offers a friendly, simplified and proximate service.

It counters the conventional banking approach with an asset-light alternative.

It is being increasingly recognised as India's truly local national bank.

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### OUR VISION

To catalyse nation building by making every citizen financially secure.

---

### MISSION

To become the preferred bank for our customers by providing the simplest and most accessible financial services to grow their wealth.

---

### VALUES

**Courage:** We believe, we challenge, and we act.

**Empathy:** We understand and care about people's needs.

**Frugal:** We do more with less.

**Reliability:** We keep the promises we make, and we are here to stay.

---



## ABOUT US

Incorporated on April 4<sup>th</sup>, 2017, Fino Payments Bank is an Indian bank specialising in payments and banking services. It meets the growing needs of financially underserved segments, comprising a mix of low-income households, gig economy workers, and rural communities. It is designed to provide a range of comprehensive financial solutions.

## OUR PROMOTERS

Fino PayTech Limited is the Bank's sole promoter, specialising in technology-based solutions and services for financial inclusion.

## OUR PRESENCE

Fino Bank's assisted-digital ecosystem (phygital) integrates physical and digital service.

The Bank's asset-light business model makes a prudent use of merchants acting as representatives, fulfilling the banking and financial needs of their communities. This network is growing rapidly and comprised around 18 Lakh merchants at the close of FY 2023-24 across all States and Union Territories.

## OUR EMPLOYEES

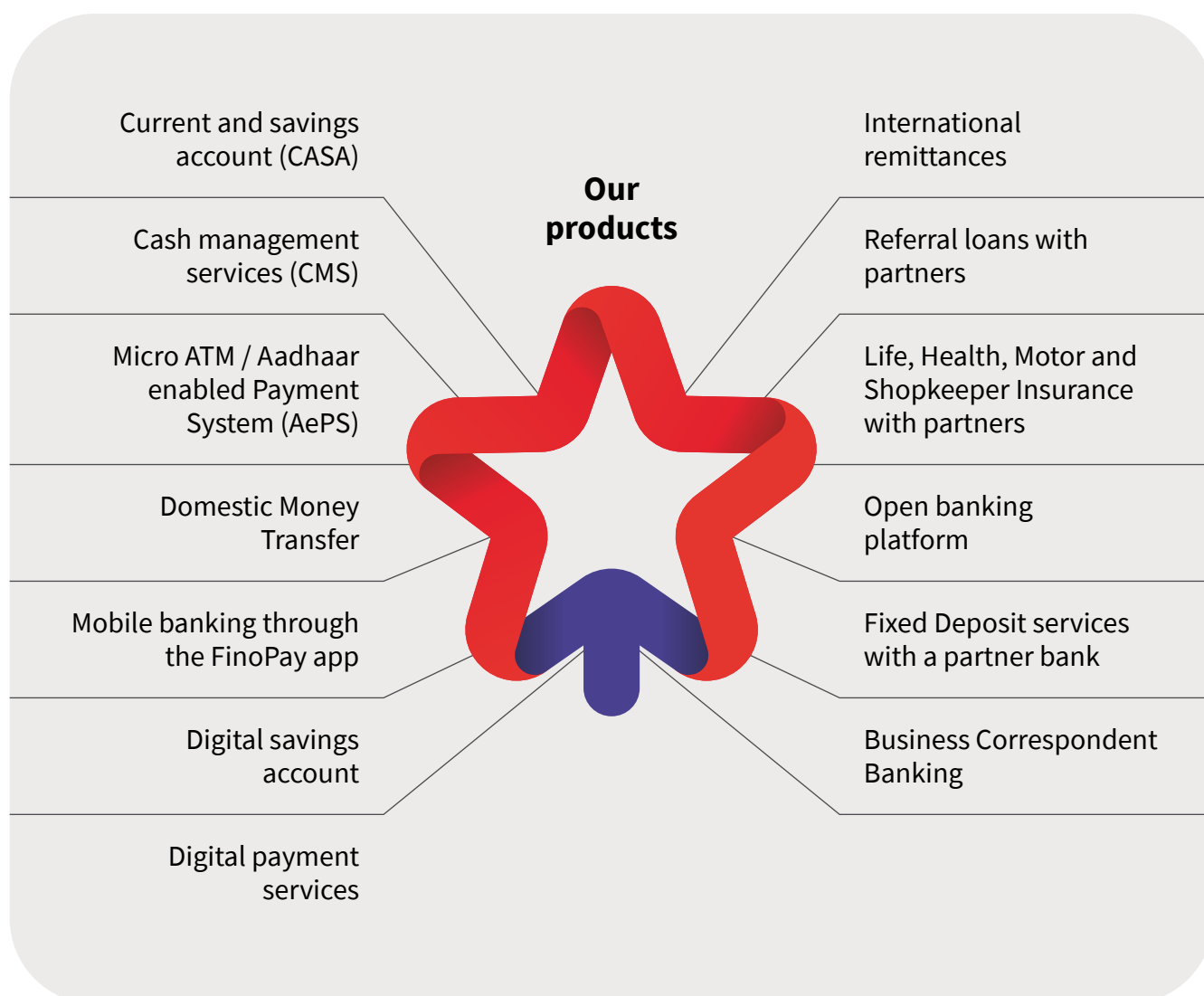
The Bank had 2,682 employees as on March 31, 2024; 9.8% of the Bank comprised women; the average age of employees was 33 years as on March 31, 2024.

## AWARDS AND ACCOLADES

**ASSOCHAM, 2<sup>nd</sup> Vibrant Bharat CFO Summit & Awards:** Best CFO – Financial Innovation

**Quantic Data Analytics and AI Show:** Best Use of Predictive Analysis in Fraud Detection (Payments Bank)

**Dun & Bradstreet – BFSI & Fintech Awards 2024:** India's Leading Payments Bank





## Our journey over the years



### 2022

Crossed ₹1,000 Crore in revenues; started digital journey through FinoPay mobile app

### 2023

Launched own UPI Switch, among a select few banks to have it

### 2024

Applied for Small Finance Bank license; launched FinoPay on iOS, annuity income surpasses subscription revenue

### 2021

First and till date the only payments bank in India to be listed on the stock exchanges

### 2020

First profitable payments bank

### 2017

Launched Fino Payments Bank

### 2011

Initiated lending business

### 2014

Launched domestic money transfer services

### 2015

Extended into the retail business through Fino Money Mart initiative



### 2008

Launched various Direct Benefit Transfer (DBT) services

### 2007

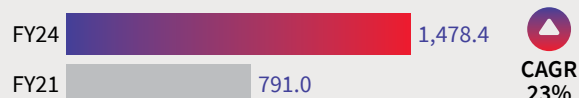
Financial inclusion became the core of our business

### 2006

Set up as a payments technology company

# Our performance scorecard, FY 2021-24

## Revenue (₹ Cr)



## EBITDA (₹ Cr)



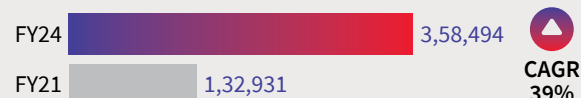
## Profit before tax (₹ Cr)



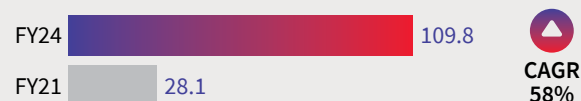
## Total deposits (₹ Cr)



## Throughput (₹)



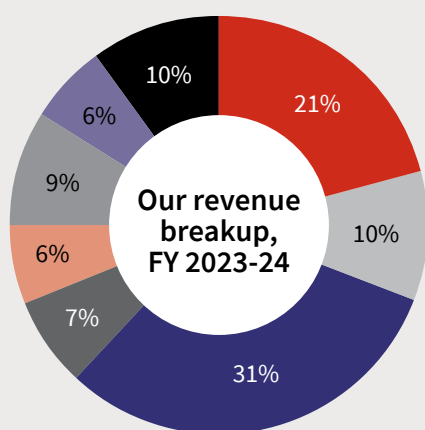
## CASA customers (Lakh)



## Income from CASA renewal (₹ Cr)



## Transactions count (₹ Cr)



**306.8**  
₹ Crore, Revenue of CASA segment

**143.9**  
₹ Crore, Revenue of CMS segment

**455.1**  
₹ Crore, Revenue of remittance segment

**109.6**  
₹ Crore, Revenue of AEPS segment

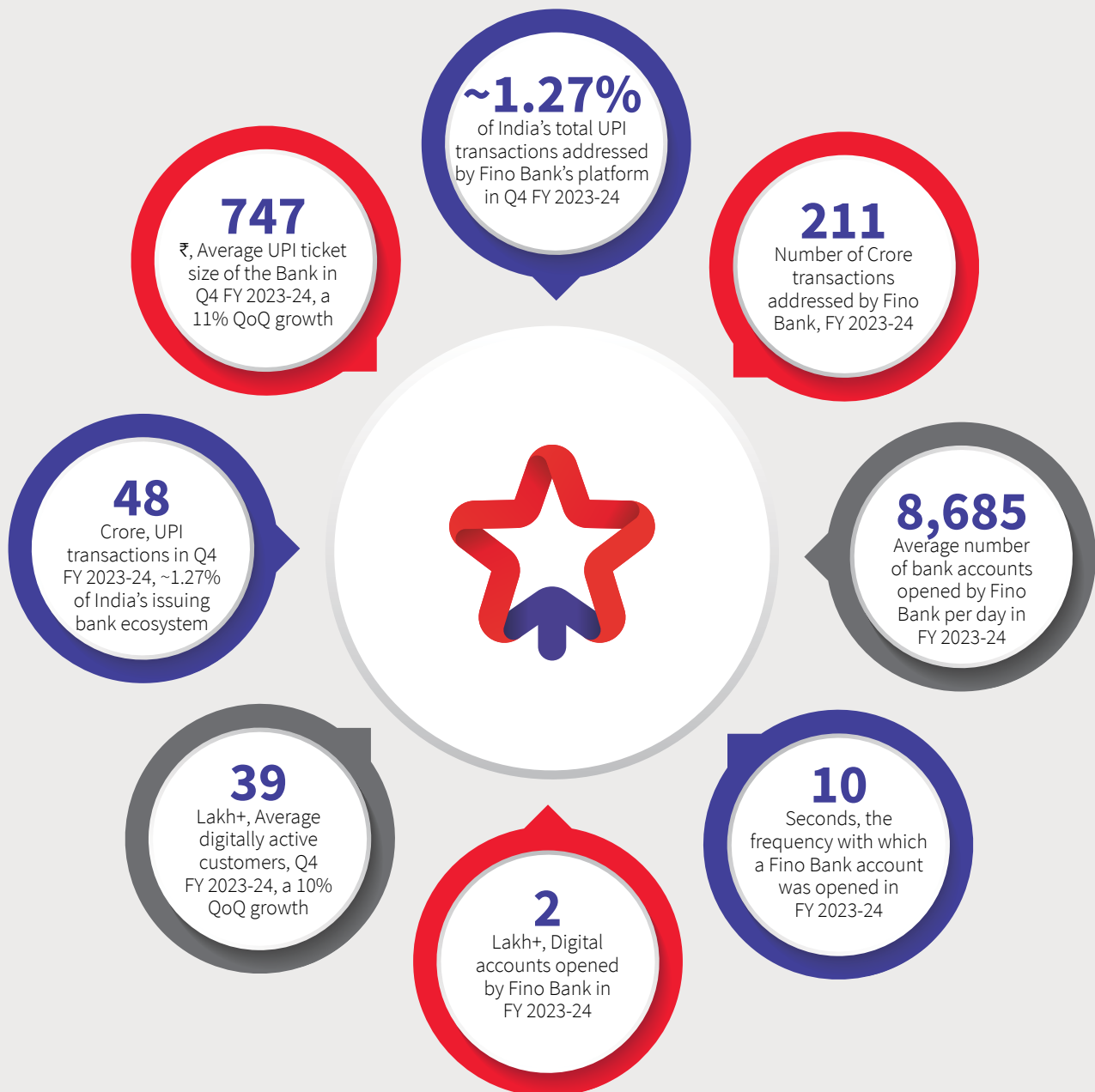
**84.9**  
₹ Crore, Revenue of micro ATM segment

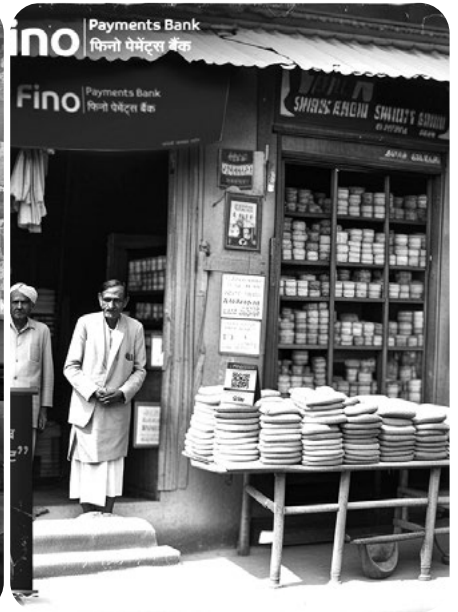
**128.3**  
₹ Crore, Revenue of Business Correspondent banking segment

**92.2**  
₹ Crore, Revenue of digital payment services segment

**157.5**  
₹ Crore, Revenue of treasury and other segments

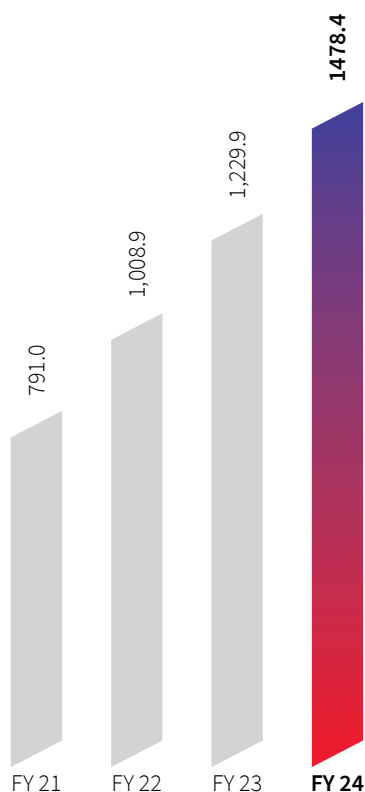
## Some remarkable things that Fino Bank achieved in the last few years





# How we have grown across the last few years

## REVENUE (₹ Crore)



### Definition

Growth in sales net of taxes.

### Why this is measured

It is an index that showcases the Bank's ability to maximise revenues, which provided a basis against which the Bank's success can be compared with sectoral peers.

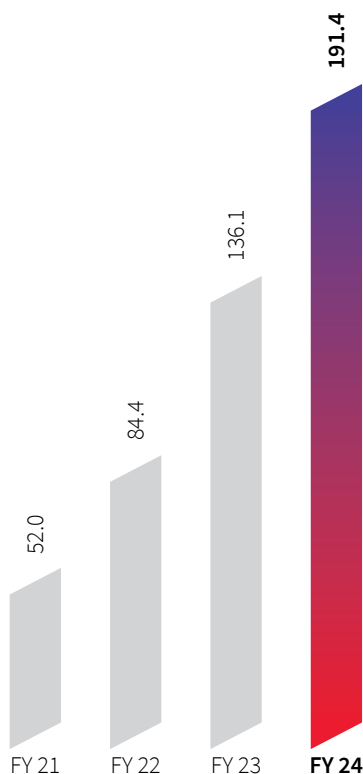
### What this means

The growth in revenues provides the Bank with the critical mass to amortise fixed costs, service customers with on-time and in-full deliveries and enhance profitability.

### Value impact

The Bank reported a 20.2% growth in sales revenue to ₹1,478.4 Crore. This growth was mainly on account of an increase in the number of transactions and revenue per transaction (towards the later part of the year).

## EBITDA (₹ Crore)



### Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why this is measured

It is an index that showcases the Bank's ability to generate a surplus after optimising operating costs, providing a base for comparison with sectoral peers.

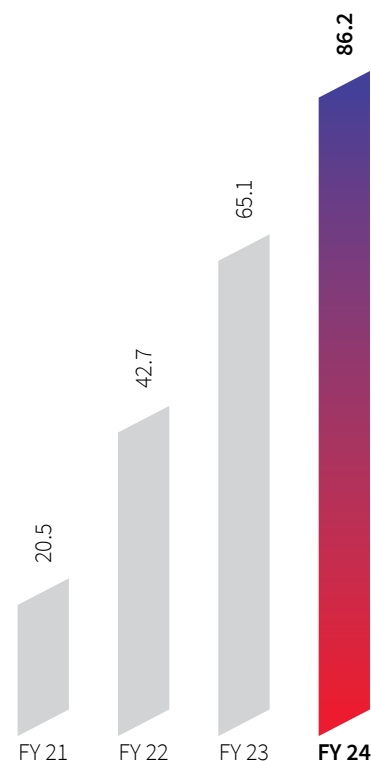
### What this means

Helps create a robust surplus-generating growth engine that enhances reinvestment.

### Value impact

The Bank reported an EBITDA growth of 40.7% in FY 2023-24.

## NET PROFIT (₹ Crore)



### Definition

Profit earned during the year after deducting all expenses and provisions.

### Why this is measured

This highlights the strength of the business model in enhancing value for shareholders.

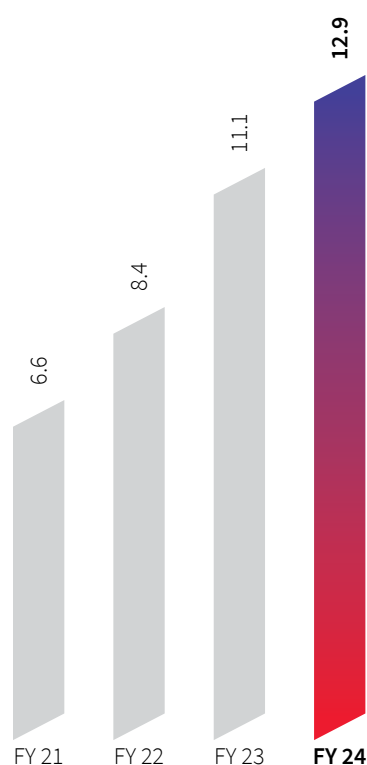
### What this means

This ensures that adequate cash is available for reinvestment, strengthening a virtuous cycle of business sustainability.

### Value impact

Net profit increased 32.4% to ₹86.2 Crore in FY 2023-24.

## EBITDA MARGIN (%)



### Definition

EBITDA margin is a profitability measure to ascertain a company's operating efficiency.

### Why this is measured

The EBITDA margin provides an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sales.

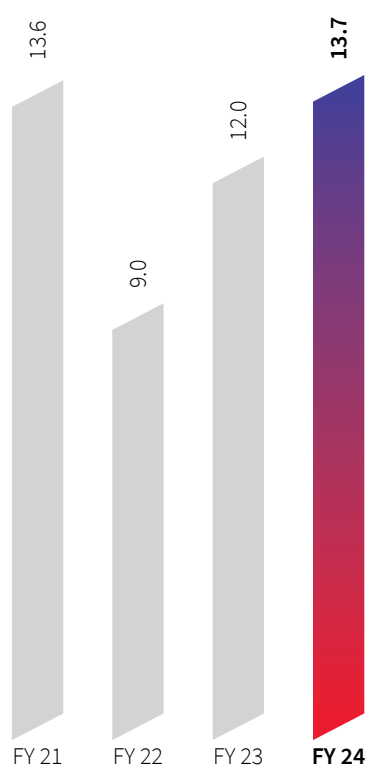
### What this means

This measure demonstrates the buffer in the business, which, when multiplied by scale, can potentially enhance the surplus.

### Value impact

The Bank reported a 180 bps increase in its EBITDA margin in FY 2023-24.

## ROCE (%)



### Definition

This financial ratio measures efficiency with which capital is employed in the Bank's business.

### Why this is measured

RoCE is an insightful metric to compare profitability across companies based on their capital efficiency.

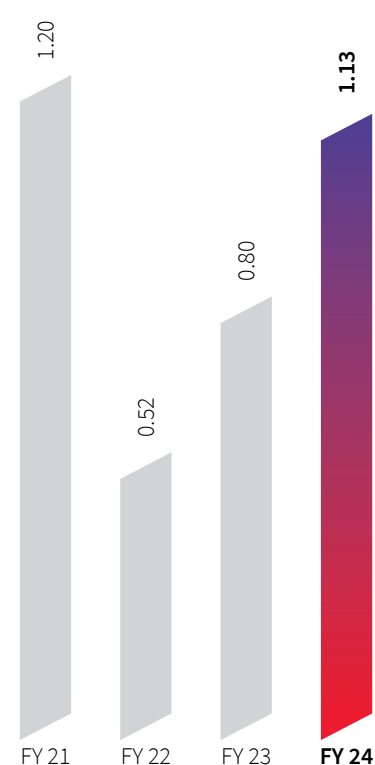
### What this means

Enhanced RoCE can potentially drive valuations and market perception.

### Value impact

The RoCE improved by 173 bps on account of higher revenues and controlled costs.

## GEARING (x)



### Definition

This is the ratio of debt to net worth.

### Why this is measured

This is one of the defining measures of a company's financial health. This indicates the ability of the Bank to remunerate shareholders over debt providers (the lower the gearing the better).

### What this means

This indicates whether the Bank enhances shareholder value by enhancing net worth and moderating debt.

### Value impact

The Bank's gearing stood at 1.13 in FY 2023-24, a moderate increase over the previous year.



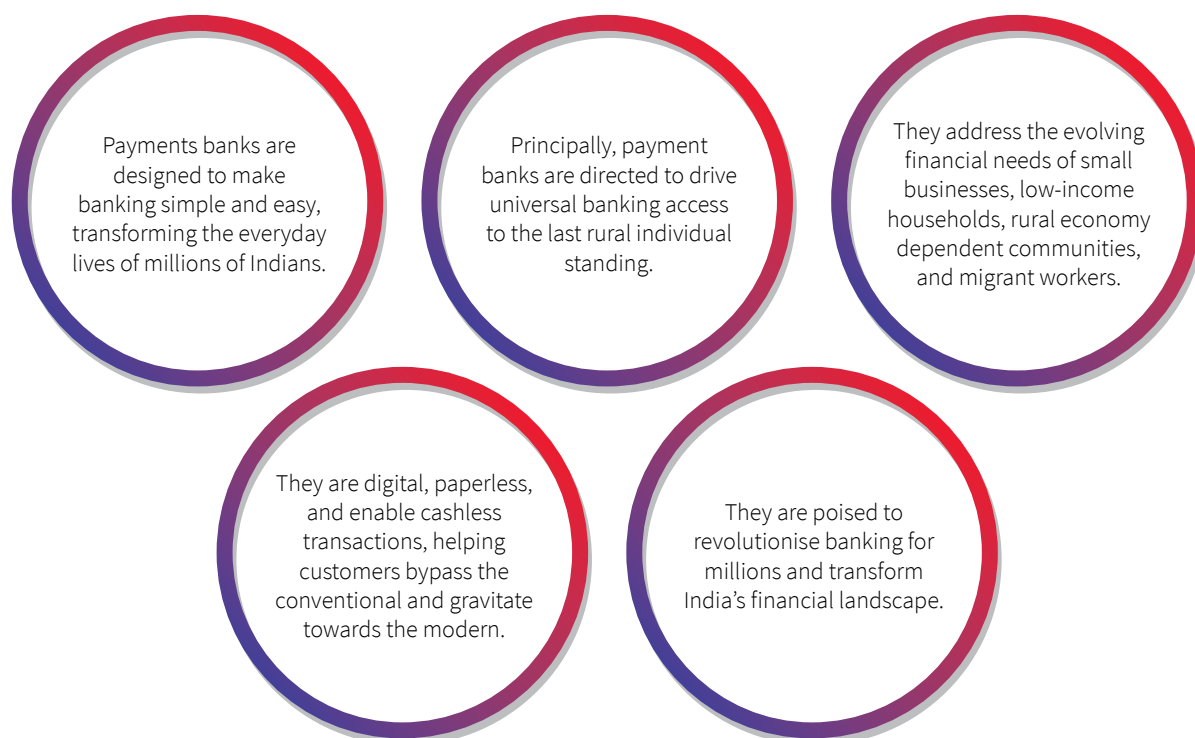
PART 2

# HOW WE ARE DIFFERENT

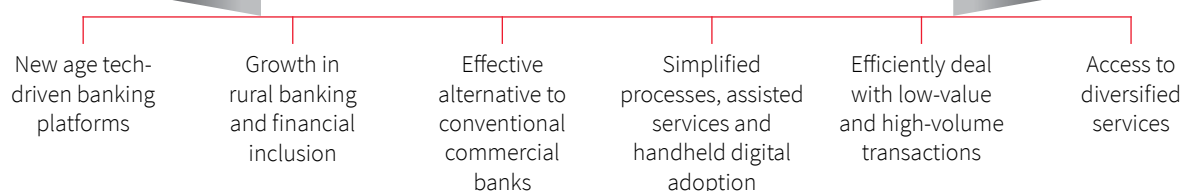
Before we continue with this report, we would like to explain what sets a payments bank apart from the others and how Fino Bank is a differentiated payments bank in the world's fastest-growing major economy.



# The growing impact of payments banks



## Advantages of payments banks



While many banks in India primarily target urban areas, shifting focus to rural regions often seems secondary (almost as an afterthought)

*Fino Bank is exclusively focused on rural India or Bharat as well as underserved urban pockets*

01

Most banks in India cater to high-income customers involved in large-scale transactions.

*Fino Bank specializes in serving customers with smaller financial needs, addressing the small value (petty) everyday transactions – Har Din Fino!*

02

Most banks in India widen their reach through a network of branches, especially in rural territories.

*Fino Bank operates without any physical branch across thousands of rural locations, emerging as the future of banking.*

03

# There is a confidence wave sweeping India

## Before Fino

Yashwantrao struggled with cash to pay for petty expenses.

Sometimes he would have adequate money, sometimes not.

Sometimes he would have the right change, sometimes not.

Sometimes his soiled notes would be accepted, sometimes not.

Sometimes he would have to remember where he kept his loose change, sometimes not.

## After Fino

Yashwantrao is relieved.

He does not need to carry cash.

He never runs out of cash.

He feels he has enough cash all the time.

When he leaves home each morning for the bazaar, he hears a voice from the background: *'Fino le jaana mat bhooliyega!'*

When someone  
asked 'Fino  
*surakshit?*', Uncleji  
in Indore said: '*Sau  
feesadi surakshit!*'

Naheed of  
Srinagar said:  
'Fino *ne vaadiyon  
mein banking  
aasan kar diya.*'

Ramawtar in Jhansi  
said: '*Ek baar  
samjha diya kaise  
istemaal karna. Uske  
baad easy.*'

Ambareesh from  
Hubli said: 'Fino  
habit *ban gaya.*  
Account *khulwa  
liya.*'

Vijayawada-based  
Sunitha said:  
'Fino *kar deti  
hoon*' when she  
needed to pay her  
electricity bill.

When Papaji in  
Ludhiana said  
'*Kuch paisa saath  
le jaa*' to Guddi,  
the reply he got  
was: 'Fino *hai na!*'

# HAR DIN FINO

Saraswati Devi  
from Siliguri keeps  
her Fino account  
topped with ₹2500  
just in case.

Simanta from  
Guwahati made a  
decisive statement:  
'*Khudra-khudri  
expenses ke liye Fino  
best hain.*'

Auntyji in Ranchi  
paid for her cab  
ride using FinoPay.  
She smilingly  
added: 'Fino *hai to  
mumkin hain!*'

## Why 'Fikar not' are the two most important words at Fino Bank

Banking has conventionally stood for the complex, urban, intimidating and documentation.

What rural customers conventionally needed was not just cash to transact or transfer, but confidence as well.

At Fino Bank, we have created a new generation rural bank.

That makes customers feel welcome.

That enhances their interaction confidence.

That simplifies processes.

That makes banking familiar and friendly.

Emphasising just two words.

**'Fikar not'.**





## Fino Bank. Right place. Right time.

**There** is a growing recognition that large Indian banks are best suited to address the banking needs of growing urban clusters.

**However**, what India's rural landscape requires are nimbler banks.

**Banks** like Fino.

**Banks** like Fino with a customised emerging market approach.

**Banks** like Fino with a personalised approach for rural customers.

**Banks** like Fino comprising core services, products and friendliness.

**Banks** like Fino focusing on addressing the banking needs of underserved customers.

**Banks** like Fino respecting the significance of small value everyday transactions.

Fino Bank is at the right place at the right time addressing the right opportunity.

**Addressing the Emerging India customer.**





## Fino Bank. Differentiated approach.

At Fino Bank, we are focusing on serving the middle-to-lower economic end of India's locational and demographic spectrum – the '**Emerging India**'.

We have customised our business model around the frequent everyday small-scale spending of our customers, who are increasingly becoming aspirational and digitally comfortable.

We have deepened service innovations addressing previously unmet needs.

We have replaced physical branches with pioneering '**human ATMs**' at scale and increased digital penetration through the FinoPay app.

We have combined attributes of intent seriousness, local presence, friendly approach, and personalisation.

We are completely paperless and smartphone-accessible.

**Re-emphasising our commitment: 'Fikar not'.**





## Fino Bank. Unmatched value proposition.

We charge customers a modest annual fee and no additional fee thereafter.

*Our customers told us: 'Payment ek baar. No fikar baar-baar.'*

We issue an ATM card instantly.

*Our customers told us: 'Haatho haath, ekdum sheher jaisa.'*

We levy no hidden charges.

*Our customers told us: 'Sub aankhon ke saamne. Koi khit-pit nahi.'*

Our representative handholds customers.

*Our customers told us: 'Fino Bank ne madad ki. Isi liye toh confidence badhaa!'*

We decoded the complex.

*Our customers told us: 'Saral aur sundar.'*

We positioned ourselves as a neighbourhood bank.

*Our customers told us: 'Fino apna bank hain.'*

# Our distinctive business model

## OVERVIEW

Fino's business model has leveraged the 'DTP' complement.

The 'D' in our approach stands for distribution, marked by a commitment to spread pan-India and be accessible at every nukkad or neighbourhood (Gully Gully Fino!)

The 'T' in our engagement stands for technology, the lifeline of our business. That the core of this customer-facing backbone was developed in-house has empowered the Bank to respond with speed to technology changes and market shifts – quicker than alternative forms of banking engagement.

The 'P' in our approach stands for partnerships, across distribution and product offerings. Distribution partners empower the Bank to grow branchlessly quicker through representatives and strengthen network offering customer convenience. Product partnerships in turn help introduce new products and services, and enter new markets or customer segments leading to an enhanced customer experience.

## UPSIDES OF THE BUSINESS MODEL

The benefits of this DTP approach have manifested.

The Bank moderated its physical branches by less than half when the benefits of its merchant-led representation became apparent. The Bank focused on aggressive merchant expansion, rising from 1 Lakh in 2019 to close to 18 Lakh by end of the year under review.

Three realities have transformed the face of our business.

1

As branchless expansion accelerated, our distribution costs declined. As our distribution footprint widened, we reached a wider range of customers who began to engage in basic transaction services (transfer or receipt of money).

2

As transactions increased, enhancing a convenience for rural customers, a number ventured to open accounts with us, providing us with a cash pool.

3

These customers provided us with an annual subscription, which made it possible for them to engage in limitless transactions without increasing their processing fee expense, while providing us annuity revenues.

This third leg of our evolution ('ownership') represents a platform on which we are attractively placed to drive sustainable growth.

The advantages of the ownership model are considerable. The model provides the Bank with a platform on which to offer more products to rural customers. The model enhances balances kept with our bank, enhancing liquidity. The model assures our branch of annuity subscriptions and revenue visibility. The model is sustained through a call centre and directly through smartphones, facilitating cross-sale.

The complement of these initiatives empowered Fino to achieve what was then considered impossible: PAT-positive status as early as the fourth quarter of FY 2019-20. Fino's surplus was reinvested. In FY 2022, Fino became the first Indian payments bank to complete a successful IPO.

By March 31, 2024, Fino had grown customers, distribution points, revenues, cash profit, net worth and cash on books. This platform of sustainable growth had been driven by asset lightness, cash-lightness (commissions per transaction paid to merchants as opposed to a monthly salary), evolution from

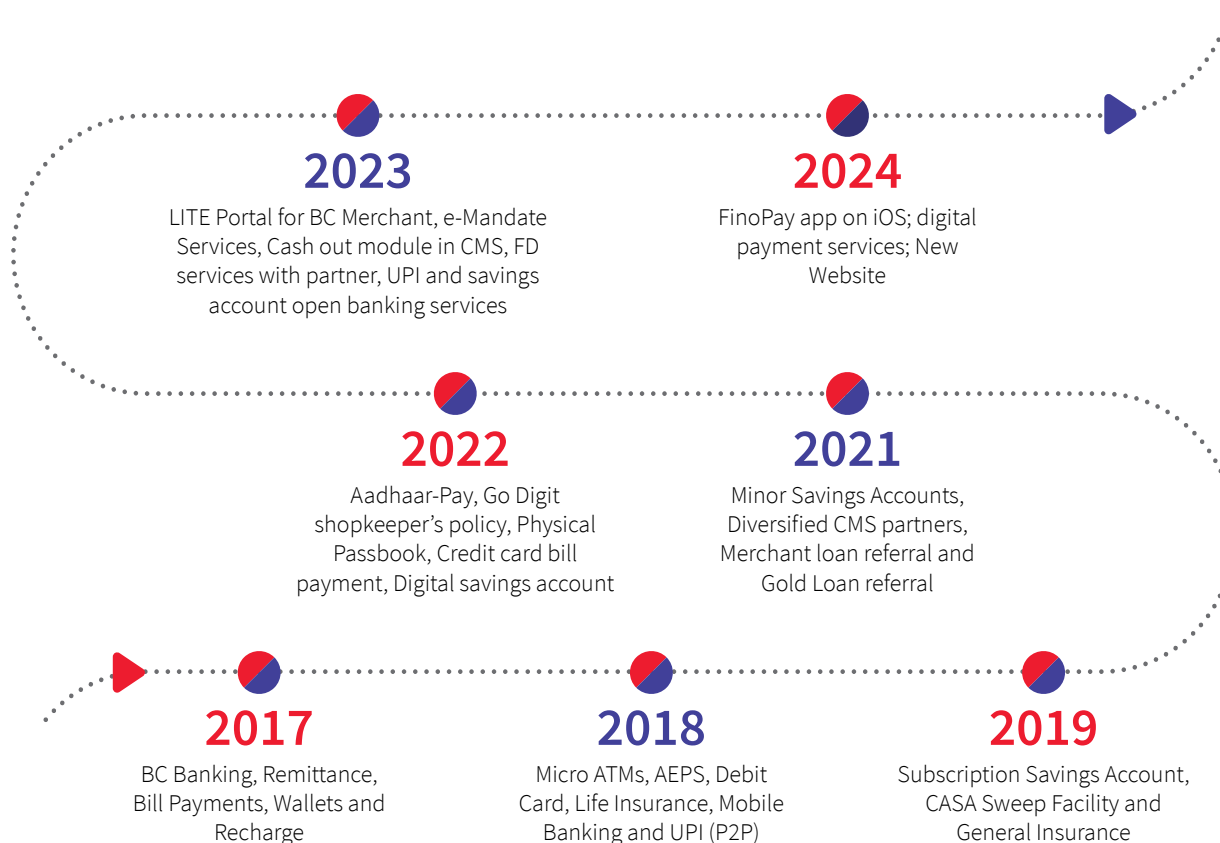
transactions to ownership and increased customer engagements through merchant points as well as mobile banking app FinoPay.

As on March 31, 2024, Fino possessed 1.1 Crore customers, close to 18 Lakh distribution points, ₹1,478.4 Crore in topline (FY 2023-24), 20.2% annual revenue growth, ₹149.5 Crore in cash profit and ₹628.0 Crore in net worth.

### 3 unique liquidity dimensions of our business model



### Our transformative product launches





# Our robust and empowering digital backbone

How we serviced our evolving customers with an unprecedented technology leap

## OVERVIEW

In 2006, the Reserve Bank of India articulated a national priority of enhancing financial inclusion. India's regulatory bank emphasized that with two-thirds of India's population unable to contribute meaningfully to the economy, national growth was restricted and likely to stay so unless a different approach was attempted. This placed an overarching priority to bring the unbanked millions into the national organized banking network, progressively mainstreaming them towards prosperity.

Against this backdrop, Fino was created in 2007 as a technology company specialized in setting up the back-end technology framework for microfinance institutions. Thereafter, the Bank empowered commercial banks to reach the last mile through technology-enabled services. In doing so, Fino developed an extensive understanding of rural markets and the technology means to access them. Fino was developing a precious understanding of how to make the decisive leap – what had been forbidding for most large players – to the last mile.

Fino leveraged its initial experience of working as a banking correspondent when it applied for a payments banking license. The irony emerged when a number of initial license allottees gave away their licenses as they became increasingly unsure of whether the model was at all viable. Our challenges were no different or less; however, we understood the business from the technology outwards that helped in providing a stronger lever with which to moderate costs, accelerate service and enhance customer convenience.

The **'tech-led asset-light'** DNA endures in our presence as a payments bank. Since inception in 2017, Fino Payments Bank focused on driving transactions through neighbourhood physical outlets supported by digital devices. The partnership with local small business owners widened as Fino's banking points or merchants allowed the Bank to extend the reach of its banking platform to every nook and corner of the country. Bharat Petroleum (BPCL), one of Fino's marquee investors, perceived payments bank as a platform to not only manage cash efficiently but make use of its extensive rural presence to take banking closer to people. The result was that Fino combined the power of the physical and

technology infrastructure, one of the first instances in India of a **'phygital'** model.

In retrospect, most banks seeking to penetrate rural India or Bharat had stumbled on the technology leg of their presence; on the other hand, Fino was emerging as a contrarian specializing on the most difficult leg of the customer engagement that would then need to be complemented with the banking part of the business. This competence deepened when Fino participated with the Indian government in creating the Electronic Benefits Transfer for India's rural millions.

Fino is unique as it was not born out of a banking womb; it was extracted from a technology DNA. The Bank was born out of an understanding of the various ways of accessing customers, engaging with them, simplifying engagement and enhancing technology-based service convenience to retain them. This is what made Fino not only a pioneer but a consistently leading player in technology-led financial inclusion that is transforming the country.

Fino's success is distinctive, given its focus on serving the under banked, under-served as well as emerging India customers. Even as others are exploring approaches, Fino has already merged technology, business, and customer convenience, derived from its extensive understanding of financial inclusion and fintech expertise.

Fino strengthened its IT infrastructure, resulting in a controlled environment, secure access, data protection and seamless user experience following investments in designed hardware, software, data centers, services and network components leading to desired scalability, remote access, API integration and standardized partner onboarding. The Bank strengthened data security controls and processes through security audits and certifications (ISO 27001 and PCI-DSS).

## DIGITAL JOURNEY: FINO 2.0

A payments technology firm by birth, the first five years of Fino's journey were dedicated to setting up the country's largest financial services distribution network that would bring banking closer to customers. The network provided assisted digital services that made banking simple, convenient and hassle-free, resulting in an increased banking adoption in Bharat.

As the new age economy picked up, Fino commenced its digital focus in 2022. The Bank formed a core digital team and introduced new verticals like digital channels, customer experience and digital payments.

Fino's mobile application FinoPay was upgraded to incorporate a new UPI open banking framework, followed by the introduction of its first digital savings account. This foresight and customer convenience paid off: in less than two years, the Bank had successfully acquired close to 3,00,000 digital savings accounts.

Fino is committed to capitalise on India's growth story through a proactive investments in talent, digital tools, software and systems. This optimism has been derived from a proliferation in smartphones to transact and transfer money. Today's consumers seek a bank account that is simple to operate, consistent in availability, accommodative of small ticket sizes and customised around daily needs.

Fino recognizes the need for a direct-to-customer (D2C) strategy that addresses daily banking needs with a different stack that is agile, modular and omni-channel.

Fino recognizes the need to address a D2C audience seeking a supplementary bank account to address everyday banking.

Fino recognizes the need for a platform that combines the best of e-commerce, value proposition, seamless banking and consistent reward.

Fino is the future.

### Enhancing systemic security

**Fino** strengthened process security (consumer facing)

**The** Bank strengthened back-end systems (against hacking)

**This** enhanced security through fraud identification and protection

**This** reinforced customer confidence that savings are safe and transactions secure



Fino's D2C offerings are accelerating initiatives and products across its Build the Bank, Run the Bank and Maintain the Bank priorities, comprising the following:

- Building new digital products for a new target segment.
- Deepening customer relationships through analytics.
- Forging digital and business-strengthening partnerships with technology and fintech companies.
- Building new avenues for customer engagements and D2C engagements.
- Building an omni-channel customer experience.

## BUSINESS-STRENGTHENING INITIATIVES, FY 2023-24

**Technology upgrades:** The Bank leveraged AI and ML-based tools and solutions to automate processes like workflows, data extraction and data warehouse integration. The Bank implemented latest technologies and platforms like Kubernetes, Open shift technologies and the latest storage and server hardware.

**Product development:** The Bank introduced the FinoPay mobile app-based digital savings account in FY 2022-23. Since launch, around 300,000 digital savings accounts were opened. In FY 2023-24, the Bank introduced the Women-Specific Digital Savings Account. For discerning customers seeking elevated privileges, the Bank offered a premium variant of this product.

**FinoPay on iPhone:** To climb the customer value chain, the Bank introduced the FinoPay mobile banking app for iPhone users. Over 40 transactions can now be performed seamlessly

through the iPhone App, leveraging core UPI functionalities for swift and secure payments.

**New website:** The Bank revamped and redesigned its SEO-friendly website for an intuitive and personalized experience. Ease of navigation aimed to enhance user engagements by integrating cross-sell opportunities.

**UPI stack:** The Bank facilitates fast and seamless transactions; UPI played a significant role in achieving this goal. To enhance user experience and reduce technical declines, the Bank developed an in-house UPI switch, eliminating a dependence on external partners for routing and handling UPI transactions. This strategic move not only reduced costs and improved efficiency, but also opened doors for partnerships with merchants, empowering the Bank to offer a UPI solution for issuing and acquiring purposes.

Merchants now possess the option to utilize the Bank's UPI module for collecting payments or making payments to their external partners. The Bank implemented this solution with three partners on the collections front, widening UPI capabilities. The Bank will enhance its UPI stack for partners; it will expand services, offerings and optimize transaction speeds while striving for 100% uptime and minimizing technical declines.

Linking any bank credit card for UPI transactions, enabling UPI Lite for everyday small value transactions and one-click payments comprised proposed offerings. These developments aim to provide faster and diverse options for UPI transactions, improving customer convenience and efficiency. This will help the Bank provide UPI switching technology to API partners.

## Strategic partnerships/digital payment services:

Fino Bank is committed to enhance digital channels and offer superior products that simplify customer journeys, improving customer engagement and service. To reinforce digital capabilities and explore opportunities across the UPI spectrum for its B2C and B2B businesses, Fino partnered with 19 fintech companies to facilitate digital payment services. This is a significant step towards Fino 2.0 and the digitization of banking services. Fino facilitated cross-sale within the regulatory framework; it associated with partners for offerings such as digital gold, insurance, demat and fixed deposits, among others.

**Hollowing The Core (HTC):** The Bank is reducing the burden on its Core Banking System (CBS). It developed scalable and independent integrated products. This will accelerate development cycles, enhance scalability, and improve cost-effectiveness. The HTC initiative will be launched with the new CBS, Finacle towards the end of FY 2024-25. Fino also worked on AI-based solutions like fraud management, risk management and cyber security, among others.

In FY 2023-24, around 40% of the Bank's customers engaged actively through digital channels, contributing 6% of revenues through digital payments. UPI transactions via Fino constituted 1.27% of the overall UPI ecosystem transaction volume in Q4 FY 2023-24.

## Making a decisive investment

- Fino became the first payments bank to create a UPI switch with proprietary talent, using the latest technology
- This platform can run on-premises and on cloud
- This approach is marked by enhanced flexibility and an ease of scalability
- The Bank invested in proprietary platform ownership (as opposed to a pay per use arrangement)
- The gains from direct ownership have been more than recovered
- The platform reported zero downtime



PART 3

# PERSPECTIVE OF OUR MANAGEMENT AND STAKEHOLDERS ON FINO BANK'S PERFORMANCE AND PROSPECTS



## Phase 1: Transaction

### #1 Build the distribution network

- Merchant base increased close to 18 Lakh; offered simple and convenient banking solutions

### #2 Innovated new products to meet evolving needs

- Crossed a total throughput of ₹3.58 Lakh Crore

## Phase 3: Monetization

### #1 Build significant trust equity

### #2 Strong cross-sell opportunity

### #3 Optimise analytical tools to identify target customers

### #4 Build CASA liability; set a base for future products

### #5 Fino 2.0+: Simplified digital solutions for customer-friendly experiences



## Phase 2: Acquisition

### #1 Build CASA accounts

- 2.65 Lakh+ new CASA accounts added every month on average, FY 2023-24
- 75% renewal income growth in FY 2023-24, widening the base for annuity incomes

### #2 Build digital presence

- ~2 Lakh digital accounts opened FY 2023-24; a 499% year-on-year growth\*

### #3 Transacting 'Off us' to CASA customer 'On us'

- Capture prospective growth

\*Started in December 2022

# Fino is capitalizing on a new confidence wave sweeping through Bharat



**Rishi Gupta**  
Managing Director &  
Chief Executive Officer

## OVERVIEW

I am pleased to address shareholders with more than a performance review of the financial year. I am delighted to capture a slice of a transforming Bharat, which influenced our performance during the last financial year.

If I were asked to identify the big difference between the India of a decade ago and now, the operative word would be ‘Confidence’.

There is a complete difference in the body language of the world’s largest population – whether one sees this in the response of the country as a whole or in the individual actions of its people.

Modern India and contemporary Indians are far more confident than the previous generations. This reality represents the backdrop of my communication in this Annual Report.

My subject is confidence and how a confident Fino is not only capitalising on the country but also helping enhance it, creating a virtuous circularity in intent and outcomes.

## GOING DEEPER

The one question that I have been asked is, ‘Why is India more confident than ever?’

The principal reason for this is India’s position within the global landscape. These are some reasons that one can ascribe to India’s progressively growing confidence.

**One**, in the last two years, two realities have emerged: India is now the world’s most populous country. India has moved from the sixth largest economy to the fifth, growing faster than any major economy.

**Two**, during the last financial year, India’s GDP grew 8.2%; this follows the fact that the country reported a 100 bps increase in GDP growth to an estimated 7.2% in FY 2022-23. Compare this with the fact that the largest global economy (USA) grew 2.5% in 2023 and the world’s second largest economy (China) grew 5.2%.

**Three**, the needle of attention is shifting towards India not only on account of its standalone performance but how India’s performance influences the global growth average. During the year under review, 16% of the world’s economic growth was accounted for by India. This indicates that India is catalysing the economic direction of the world. (Source: World Economic Forum)

**Four**, the macro-economic growth of India is cascading into increased personal incomes, improved social realities, increasing the role of its young in economic spending and enhancing their familiarity with global progress and developments.

**Five**, the smartphone revolution sweeping India is translating into disproportionate upsides, extending from the functional to the economic and from the casual to lifestyles; this is creating a platform of transformation

opportunities accelerating economic progress and prosperity.

## TRANSFORMATION IN OUR SPACE

This transformation is translating into an enhanced freshness within the country’s banking sector.

When we entered the business more than a decade-and-a-half-ago, the principal objective among companies like ours was to bring the unbanked and under-banked masses into the formal banking fold. With the national momentum (inspired by the government’s PMJDY and Direct Benefits Transfer - DBT) being favourable, this stage has been creditably achieved. The number of Indians covered by the country’s banking network increased from 103.2 Million to over 500 Million during the last decade. In percentage terms, 58.7% Indians had a bank account in 2011; this figure now stands at around 90%, possibly the fastest financial inclusion anywhere in the world.

At Fino, we do not see the widening banking coverage as just a numerical increase; we interpret this as the deepening of India’s banking (and even economic) infrastructure catalysing rural prosperity. The inclusion of India’s vast rural economy - the largest such population cluster in the world – has graduated to the next level following the benefits of universal banking access made possible by technology-led differentiated banks. Going ahead,

1,478.4  
₹ Crore, Total  
revenue, FY 2023-24

86.2  
₹ Crore, PAT,  
FY 2023-24

149.5  
₹ Crore, Cash profit,  
FY 2023-24



**We are witnessing a growing UPI transaction volume on the Fino platform, which accounted for 1.27% of the total UPI ecosystem transaction volume in the last quarter of FY 2023-24.**

this wider and deeper inclusion will not only generate positive ramifications for the Indian economy through enhanced incomes and money velocity, but also for the world.

The widening of banking reach in the remote rural areas of the country i.e. Bharat would have been a signal achievement – the achievement of a decisive reality within the space of a few years. However, during the last decade, something else transpired: initially, a sizable number of these new bank accounts were used to withdraw the cash transferred by the government as a part of its seamless DBT scheme. This is how these bank accounts would have remained – passive recipients – while most rural Indians went around their work using cash and informal monetary channels.

Two things in the last few years proved seminal in the banking history of consumer India.

**One**, India launched a backbone for online payments that made it easy to transfer cash from one smartphone to another, a boon in rural India, where carrying cash invited risk.

**Two**, a number of service providers made it simple to transact online. The result is that it is now not only easy to pay online into the Bank; it is also simple to pay others from that account (or sub-accounts). Suddenly the consumer has begun to recognise that not only he or she would not need to carry cash from one point to another but that it would be simpler to pay without stepping out of one's home. The two terms that I picked up consistently in my engagements with consumers was '**Koi fikar hi nahi**' and '**Tension khatam**'.

From the groundswell of this convenience emerged the second phase of India's rural banking experience. Individuals who had largely forgotten their inert bank accounts now began to turn to it for active transactions; the accounts that were merely used as cash repositories or places of cash safekeeping were now used for active transactions. At Fino, we see this as a seminal development, which indicates that organized banking is no longer perceived as aspirational or complex by the masses; it is being seen as a facilitator and convenience-enhancer.

This brings me back to the word that I began this overview with – 'confidence'. If India's mass savers are using their bank accounts more than just as repositories, it indicates that the consumer is transforming: more willing to embrace changes sweeping the world, more comfortable with digital banking, and more willing to graduate from the physical to the virtual.

At Fino, we are excited not just by the fact that this transformation is transpiring; we are excited by its speed; we are excited by the possibilities; we are excited by the fact that even as a part of India's population sweep is still moving towards financial empowerment and access to universal banking, a larger part is already graduating towards increased engagement. The priority to widen our financial circle has now been replaced by an even bigger ask: the Bank needs to create more reasons for customers to transact through Fino; the Bank needs to become an **everyday turn-to partner** that enhances transaction convenience; the Bank needs to graduate to become the customer's primary bank account; the Bank needs more consumer-engagement opportunities to digitise cash. The bottomline: Fino needs to accelerate from the **conventional and inclusive to the strategic and innovative**.

These are the various reasons for our enthusiasm.

While our merchant network (close to 18 Lakh in FY 2023-24) offered assisted services to technology-challenged customers, our digital platforms (mobile banking app FinoPay and the newly launched Net Banking service) addressed tech-engaged customers, including those using Android and iOS smartphones.

We are witnessing a growing UPI transaction volume on the Fino platform, which accounted for a sizable 1.27% of the total UPI ecosystem transaction volume in the last quarter of FY 2023-24.

Around 40% of our 1.1 Crore customer base was active on digital platforms, accounting for 37% of the overall transaction throughput of ₹3.58 Lakh Crore in FY 2023-24.

Even as the digital format contributed 6% to our FY 2023-24 revenue, this percentage is expected to rise significantly, riding the surge in UPI transactions.

In addition to strengthening the digital ecosystem to address growing transactions, the Bank deepened investments in the technology stack, including cyber security, core banking system and widening services through fintech partnerships. The Bank is expected to go live with Finacle's core banking system by end of the FY 2024-25.

The Bank's digital investments are aimed at enhancing systemic future-readiness as well as exploring opportunities arising out of a potential license enhancement i.e. conversion to a Small Finance Bank.

**Banking being a business of trust, adhering to regulatory compliances, better risk management, controls and audit as well as ensuring business continuity are hallmarks of a strong financial services institution. Our efforts are towards building Fino into one such institution guided by the principles of good Corporate Governance.**

## CHANGING ORBITS

If there is a big message behind this Annual Report, it is this: at Fino, the changing of orbits has begun to transpire. And nowhere has this circle-changing been more evident than in the numbers reported by the Bank during the last financial year. I will extend beyond the topline and bottomline even as they indicate that our scale has grown (the Bank reported a 20.2% increase in total revenues and a 32.4% increase in profit after tax in FY 2023-24). I will turn to a range of alternative indicators that validate the health of our business.

**One**, we upgraded a larger number of customers from a normal savings

account to a digital savings account. Around 40% of our customers turned to UPI transactions during the last financial year; they accounted for 75% of our active customers. This indicated a predominant pass-through of accounts to the active, transaction-driven and habit-forming.

**Two**, the volume of customers who trust Fino increased sharply – from 78 Lakh customers in FY 2022-23 to around 1.1 Crore customers in FY 2023-24, an addition of around 32 Lakh; renewal income increased from ₹73.1 Crore in FY 2022-23 to ₹127.8 Crore in FY 2023-24, a growth of 75% in annuity revenues.

**Three**, the CMS part of our business grew during the last financial year – from negligible to around 10% of our total revenues in FY 2023-24. This indicates that our services are being considered as dependable across a completely different transaction audience (B2B) that could grow attractively.

**Four**, some initiatives that remained largely under the radar hold out attractive prospects – the Bank made an application for conversion into a **Small Finance Bank** to the Reserve Bank of India; the consolidation and restructuring of the holding company; the activation of a technology upgrade to broaden the Bank's operational foundation.

## SOCIAL IMPACT

At Fino, we engaged in a commercial business with a social outcome.

We improved banking access by creating employment opportunities for enterprising locals in the capacity of merchants providing banking services. By deepening reach across the under-banked and un-banked locations using technology solutions, we helped create (with peers) a new banking experience that enhanced convenience, empowerment and engagement. This enhanced confidence across our customers and their dependents, seeding the foundation of a new Bharat.

The result is that banks like Fino are helping thousands being banked for the first-time, making the leap from paper-intensive transactions to paper-less engagements and from cumbersome onboarding to swifter Aadhaar-based account opening.

Besides, Fino's new generation of banking merchants and partners offer assisted digital services that empowers them to handhold customers through digital banking adoption.

By bringing digital banking closer to the masses, Fino is building confidence among customers who once felt that such a service and engagement was outside their status and reach. Access to banking and regular engagement is helping improve confidence and the life quality of millions of Bharat customers, furthering financial inclusion and social empowerment.

By helping Bharat customers enhance their time efficiency, we are helping widen income-enhancing opportunities and graduating them from drudgery to productivity.

I am pleased to communicate that Fino is also helping address longstanding gender inequity and helping redress (in some way) a social imbalance. Around 11% of Fino's own merchant network as well as 30% of its total CASA customer base comprised women. Interestingly, a significant part of its digitally active customers were women at the close of FY 2023-24.

Diversity and gender equality at Fino extend beyond customers and merchants. The Bank's Boardroom demonstrates a diverse representation, with 37.5% Board members being women leaders possessing a rich and varied banking experience.

## FORWARD DIRECTION

'Where do we go from here?' is a recurring theme among analysts and our investors.

Before I start my response want to mention that the opportunity in our space is colossal.

My answer is that directionally we will do as well as the country permits; within that corridor, we will seek to be among the best.

From a directional perspective, the pieces have come together to create one of the most compelling opportunities within our sector. The last eight years have seen a structural shift starting with demonetization; the Indian economy embarked on a journey to graduate from cash to digital. This direction shift was

catalysed by reforms related to tax filings and GST introduction. This initiated a shift in the country's economy from the shadow to the organised, creating a wider platform for the country's banking sector. There was a corresponding increase in compliances that enhanced sectorial credibility; the creation of bank accounts through JAM (JanDhan, Aadhaar, Mobile) trinity helped implement DBT that enhanced the inclusion of the under-addressed and under-served; the launch of a 25-year national vision (Amrit Kaal) is liberating the country from short-term firefighting; a robust consumption economy has emerged in Tier 3 and 4 clusters, underlining Bharat's coming of age; the Indian economy is now growing at around 8% per quarter.

Concurrently, our market is widening from rural beneficiaries of DBT schemes to salaried employees, self-employed, small business owners, students and a large segment of digitally savvy customers seeking a second bank account for their **everyday spends and payments**.

This provides an optimistic economic direction. Added to this, the country's banking sector is attractively placed at an unprecedented convergence of its digital infrastructure - JAM and various initiatives of National Payments Corporation of India, especially UPI - that could empower a generation of the unbanked to graduate to payments banks bypassing the conventional outlook of commercial banks. Time paucity will encourage rural Indians to seek the digital banking option from proximate service providers. Improvements in life quality and aspirations drive prospects for the Indian consumer and an opportunity for Fino Bank to climb the value chain.

It took around 30 years for India to globalize in terms of mindsets, aspirations and standards; in the next 30 years India is likely to localise and bring into the mainstream the power and heft of the world's largest rural cum semi-urban cluster. It is interesting to note that 1.27% of India's bank-issuing UPI business was routed through our platform; besides, bank accounts with us comprised 1% of Bharat's population.

As India grows larger, we will be able to graduate customers from transaction to ownership to credit to a widening

## STRATEGIC DIRECTION

presence across customer's needs. We provide a world-class service; a new account can be opened at a Fino merchant point in only a few minutes, while on the mobile app FinoPay the digital account gets opened instantly. We are positioned as the National Local Bank of India. Fino's business model expects to potentially empower around 65% of India through enhanced transaction convenience and a platform that improves financial prosperity.

Our customer base of over 1.1 Crore is larger than the population of a number of countries. The number of digitally active customers increased from 27.7 Lakh at the close of FY 2022-23 to 39.2 Lakh ('active') by the end of FY 2023-24, indicating the habit-forming nature of our engagement. The average balance in our bank accounts increased from ₹1,176 to ₹1,287, strengthening the overall float within our system; the average deposit balance increased from ₹905 Crore to ₹1,352 Crore. The transactions during the year under review increased from 120.7 Crore to 211 Crore, providing the Bank with a wider relationship room in which to emerge as the customer's friend and guide.

### LOOKING AHEAD

Fino will seek to deepen its competitiveness through business-strengthening initiatives.

The Bank will sustain its validated Transaction-Acquisition-Monetization (TAM) approach. The Bank will seek to graduate transactions towards accounts creation and engagement leading to enhanced revenue visibility; it will seek to widen its CMS clientele base, increase mandates and explore UPI opportunities in the B2B space. By building on the CASA customer base through a widening merchant network and universal access to its FinoPay mobile banking app, the Bank intends to enhance savings accounts. Further, it aims to improve on the

nearly 300,000 digital savings accounts opened till March 31, 2024 and around 19 fintech partners integrated with its digital payment ecosystem.

The Bank will sustain the 'ownership' momentum, increasing its deposit base beyond ₹1,714 Crore.

In FY 2023-24, Fino Bank opened a new bank account every 10 seconds; this was corresponded by more than 1% new accounts moving from 'off us' to 'on us', leveraging nearly 3 Crore monthly footfalls at Fino merchant points. To deepen customer engagement and stickiness, the Bank is expanding its product bouquet by offering referral loans through partnerships that validate the creditworthiness of customers and their needs.

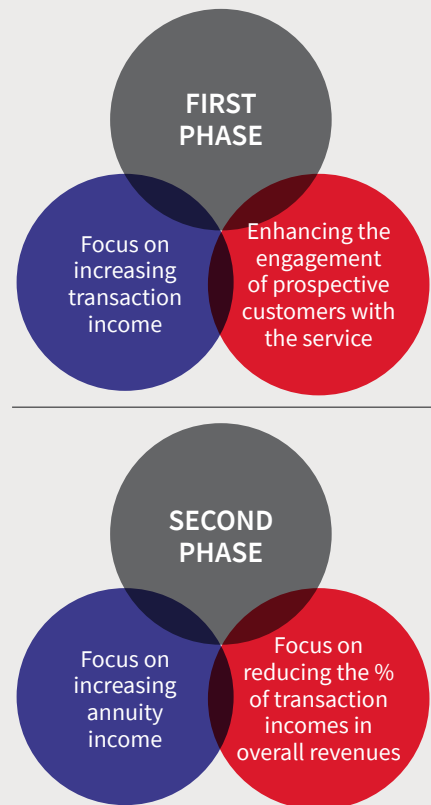
By continuing the momentum and exploring new initiatives, we are optimistic that we will accelerate topline growth in percentage terms over FY 2023-24, enhance the quality of our business and deliver superior sustainable value for all stakeholders.

We are fortunate to be at the centre of possibly the most exciting digital micro-banking opportunity; we have built a robust foundation that is only likely to get stronger; we expect to grow responsibly around complete compliances; we expect to grow sustainably in the face of the largest digital financial inclusion opportunity in the world and continue generating a positive change in the lives of the people we touch.

That is all I have to say with a conclusion that Bharat will grow and Fino will grow!

**Rishi Gupta**  
Managing Director & Chief Executive Officer

## Our profitable journey



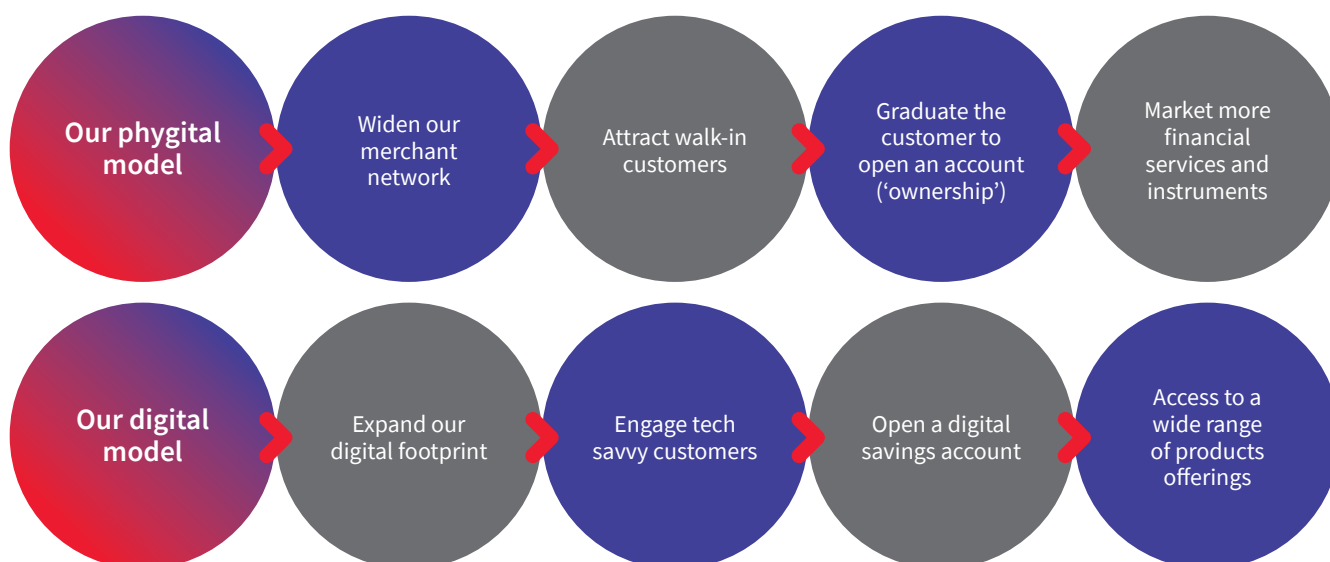
## How we strengthened our digital play

**Unleashed in-house potential:** Developed own UPI Switch.

**Enhanced digital offerings:** Women specific digital savings account, digital payment services, and merchant QR code.

**Multi-platform access:** FinoPay on iOS (iPhone), redesigned SEO-friendly website to increase traffic and engagement, micro ATM and AePS (Aadhaar enabled Payment System).

## How this will translate into business action



## How India is transforming within our business landscape

**The** use of the smartphone is extending from entertainment to economic transactions using UPI.

**There** is an accelerated maturing among consumers of the banking potential resident within the smartphone.

**There** is a rapid increase in the population of QR codes pan-India, creating a large transaction eco-system.

**There** are various regulatory changes directed to deepen citizen trust within the digital banking system.

**There** has been an appreciable increase in the number of economically active women with effective decision-making capability.

**A** decisive moment has been reached in women's empowerment journey. More than 86% of women above the age of 18 had a bank account in FY 2023-24.

# How we built a financially robust business model





## OVERVIEW

At Fino Bank, we built, validated and scaled a contrarian business model through a period when the words ‘payments bank’ were considered taboo.

It is to the Bank’s credit that even as the industry encountered a shakeout and large players with deep pockets preferred to exit the sector rather than suffer growing losses, Fino Bank persevered, turned profitable in 2019, remained profitable through the challenging pandemic and reported its 17<sup>th</sup> successive growth quarter ending in the fourth quarter of the last financial year. Most importantly, we generated a structured and sustained growth in our profitability.

## BUSINESS MODEL

This contrarian success was achieved on the back of a disruptively pioneering business model that has since been extensively validated – growth with profitability - through the years. This success flies in the face of a growing skepticism that the Bank would need to acquire a large critical mass of customers, operate at a loss for an extended period, raise progressive capital to plug annual deficits and break even only in the future when it achieved a large critical mass of customers.

Fino Bank demonstrated the capacity to turn profitable at a relatively low revenue base of ₹691 Crore five years ago; each successive customer accretion round translated into increased revenues and enhanced profitability; the Bank has not needed to turn to investors for funding to plug losses. This indicates that the business model of the Bank is robust, agnostic of market cycles and addressing the critical needs of rural and semi-urban customers.

**Pillars:** The Bank charted out a multi-year strategic road map segregated across three objectives.

Transaction

Acquisition

Monetisation

By the very nature of this approach, each priority was allocated a phase within the Bank’s existence, immediately implying that the respective strategic priority would need to be seeded and matured before the Bank could graduate to the next strategic priority.

The role of each strategic leg was institutionalized: during the **Transaction** leg, the Bank selected to provide customers with an intermediation gateway through which customers would select to transact (often sending cash to other banks, who in turn provided Fino a fee for facilitating the transaction). The aggregation of these fees represented the seed income around which the foundation of the Bank was built. Over time, as customer footfalls and familiarity increased, Fino’s merchants across rural India encouraged rural walk-in customers to extend from mere transaction engagements to owning an account with Fino (a phase called ‘**Acquisition**’). During this decisive orbit-changing phase, Fino encouraged customers to graduate from mere transactions to opening an account for a fixed annual subscription fee. This Acquisition phase, through which the Bank is presently passing, has helped generate a consistent annuity income cum float, deepening the Bank’s liquidity and profitability.

During this Acquisition phase, Fino Bank has already begun to seed its growth into the third phase of its evolution (‘**Monetisation**’) when it is provided a **Small Finance Bank** license that empowers it to lend to customers. A clarity of this business model has transformed into a phased, predictable and calibrated approach in growing the business in a securely sustainable manner.

**Secure:** The Bank generated an average daily throughput of more than ₹1000 Crore in the fourth quarter of the last financial year. This sizable and growing throughput was delivered without safety and security compromises. The Bank deals with a relatively unaware audience that would be sensitive to cyber fraud or security lapse that could turn them off online banking. The Bank protected their trust through timely and sizable digital investments that secured the system. By the close of the year, the Bank had not just delivered uninterrupted uptime but had also delivered impeccable security. The result is that the Bank built on the confidence

seeded in the earlier years, translating into account accretion and increased deposits (financial inclusion on an everyday basis).

**Liability-first approach:** The Bank focused on the balanced combination of accounts accretion and accounts balance growth. The Bank did not emphasise rampant accounts rollout that could have compromised service (handholding and trust building provided by its rural merchants) and in turn affected the amounts deposited by the accounts holders. On the contrary, the Bank incentivized its rural merchants on the basis of deposits held in each account, graduating them from a quantitative approach (open as many accounts as possible) to a qualitative direction (increase average deposit per account). The result is the Bank may not be the largest payments bank in India by the number of accounts, but it ranks among the top in terms of average deposit per bank account. The latter is an index of the trust and confidence developed by the Bank and is likely to generate a positive word-of-mouth reference that translates into a sustainable increase in bank accounts coupled with high deposits.

This **liability-first approach** translated into the Bank’s cost of funds being around 500 bps lower than the prevailing average at which it is available to Small Finance Banks in the country. As opposed to most commercial banks where the acquisition of the merchant or customers entails an income, the same activity translates into an income at Fino Bank (through a one-time registration fee and the annual subscription), creating a cash float. The larger the number of accounts, the higher the cash float available.

**Annuity revenues:** The Bank’s subscription-based model – where an account holder is required to pay an annual subscription against an unlimited use of the Bank’s facilities and infrastructure for corresponding transactions – was possibly the only such subscription-based liability bank account in the world for long. The approach has now inspired replication; some larger banks have entered the space with a similar approach. The success of this approach is reflected in the number of people who sign up for this subscription-driven engagement coupled with the renewal rate. A growth combination of the two can accelerate annuity incomes

## FINANCIAL REVIEW

as has happened in the last few years – annuity income increased by ₹19.9 Crore in FY 2021-22, by ₹45.6 Crore in FY 2022-23 and by ₹54.7 Crore in FY 2023-24, increasing to ₹27.5 Crore in FY 2021-22, ₹73.1 Crore in FY 2022-23 and ₹127.8 Crore in FY 2023-24. In the non-UPI segment of the business, the Bank encountered 49% renewal with an average balance of ₹1,508; in the UPI segment, the Bank encountered 64% renewal with an average balance of ₹1,830. As the UPI-based business accelerates and the physical branch traction declines, the Bank's throughput is expected to accelerate. The Bank has, with this approach within the payments space, devised an annuity model without corresponding Balance Sheet risk.

**Complementary business:** The Bank strengthened its cash management business, providing it with a foundation to build long-term relationships with customers. This segment of the business empowers the Bank to graduate to more predictable revenues, strengthening its business model.

**Digital growth:** The Bank was among the first in India's banking space to introduce the phygital model, wherein the physical premises of the rural merchant was complemented by the digital backbone provided by the Bank to facilitate customer transactions. Over time, the trust and confidence evoked by the digital has become increasingly manifest. During the last quarter of the year under review, the proportion of transactions driven by the digital was 80% (65% in the corresponding period of FY 2022-23). This transition indicates a more effective leverage of the Bank's digital backbone, strengthening margins. Unlike most banks with disproportionate investments

made in physical infrastructure, Fino Bank's principal investment has been made in network and technology, making it a modern and different bank. By the close of the year under review, the Bank was present in 97% pin-codes of India and accounted for 1.27 % of India's UPI transactions. The throughput of ₹1,18,282 Crore walk-in customers comprised 33% completely digital engagement and this trend is rising (31% by the last quarter FY 2023-24), enhancing convenience for the customer and strengthening profitability for the Bank.

**Risk-less:** The Bank generated ₹1,478 Crore revenue in FY 2023-24. Around 90% of this revenue comprised fee-based income and was annuity-like in nature, promising the Bank revenue visibility and a basis around which to plan its next growth round. Besides, what makes this model distinctive is that the annuity revenue comes with no Balance Sheet risk.

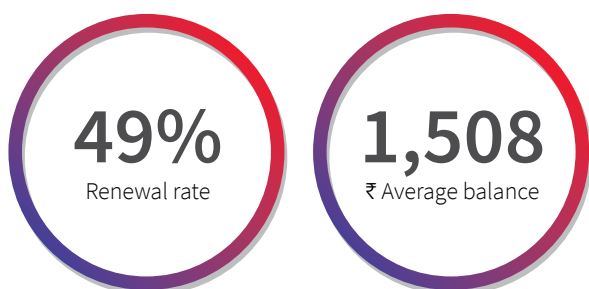
**Controlled growth:** At Fino Bank, the focus of the Bank is not to maximize CASA accounts rollout but to do so while protecting all the operating parameters that the Bank holds dear. The Bank has given a guidance on an annual revenue growth of around 25% and a profit growth of 35%. In turn, these outcomes are likely to be driven by a calibration in inputs, ensuring that each business function and initiative is aligned around a holistic outcome – neither too much, or too less. This methodical approach underlines the Bank's operational discipline, planned delivery and rigorous control of business direction and acceleration.

**Variabilised cost structure:** The Bank protected its viability through moderated

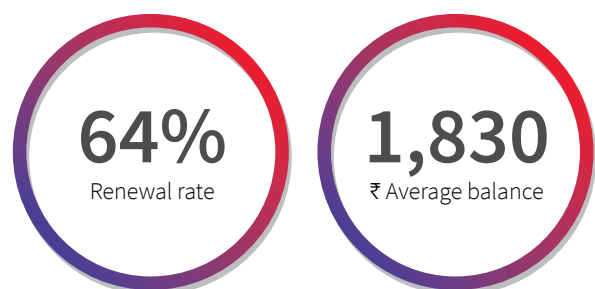
overheads. These overheads are the result of a variable cost structure and the absence of fixed overheads. The Bank's rural merchants are not employees; they are associates who are provided an attractive commission per transaction they help put through; they are paid from the proceeds of the transaction and not from the Bank's earnings. The Bank's cost structure is linked to its business throughput and does not become overheads in the profit and loss account. The total merchant count increased from 13.65 Lakh in FY 2022-23 to over 17.50 Lakh in FY 2023-24 (28% growth YoY), indicating the latent potential of markets. This has embedded the Bank's resilience to remain viable across market cycles. The Bank's endeavour is to protect its post-commission spread at around 35% across market cycles resulting in a pre-tax bottom-line of around 5.5% of revenues. The Bank progressively moderated costs as a percentage of revenue, indicating the intrinsic profitability of the business and cost sensitivity to increased revenues. The cost-to-income percentage declined every single year from 37.0% in FY 2019-20 to 26.5% in FY 2023-24. Around 75% of the Bank's overheads comprised people and technology costs, indicating a lean operating structure; the objective is to generate a progressively higher income from the existing cost base.

**Back-end spending:** An essential feature of the Bank's cost of doing business has been its proactive investment in a proprietary technology team. This 220-member professional team is positioned like an inhouse software development facility. The team has been primarily tasked with the responsibility to develop solutions that enhance customer

### Non-UPI customers



### UPI customers





engagement, evolving the solutions in line with the transforming standards of the day and keeping the Bank at the cutting-edge of digital service. The effectiveness of this proprietary access is that digital transactions grew 124% while physical transactions grew 7% during the last financial year.

**New product:** The Bank introduced a Digi savings account in December 2022 through the FinoPay app and reached 2.8 Lakh such accounts by the end of the last financial year. This is proving to be a good starting point for customers who are not digitally adept, helping draw them into the system.

**Service:** The Bank strengthened its service credentials through the introduction of the straight-through digital account (which was through the physical gateway earlier), facilitated by the downloading of an app, digital filling of details and engaging in a confirmatory video call before getting the account to be commissioned. This facility represents a decisive service leap for the Bank, making it possible to commission an account within minutes – one of the shortest tenures by any financial intermediary facilitating financial inclusion in India.

The Bank made it possible for the UPI switch to be conducted in house on its system, among few banks in India to offer this capability. This successful implementation highlights the Bank's advanced technology capability, which is expected to moderate costs and shrink payback.

**Liquid buffer:** As a payments bank, the Bank is required to possess net worth of ₹100 Crore; the Bank possessed ₹628 Crore

in net worth as on March 31, 2024 and generated a cash profit of ₹149.5 Crore.

**Distribution footprint:** The Bank widened its distribution footprint, revalidating that a wider presence would translate into enhanced access, engagement and customer retention possibilities.

**Addressable market:** The Bank had serviced 1.1 Crore customers by the close of the last financial year. The Bank's total addressable market comprised 700 Million customers, indicating that it has touched only a fraction of its potential. The Bank is addressing the vastness of this opportunity with moderate calibrated year-on-year growth until it acquires the critical mass and when its retrospective annual percentage growth average translates into a sizable annual increment. The Bank brings to this unique opportunity around 17 years of understanding Bharat ground-level upwards as opposed to most payments banks that comprehend the market top-down.

From my lens, Fino is poised with the right investment in infrastructure and digitalisation to accelerate growth in profitability.

**Ketan Merchant**  
Chief Financial Officer

The Bank digitalized on an average a throughput of ₹9,857 Crore of walk-in customers every month during the financial year.

## Our value-enhancement strategy

Increase the number of active merchants



Increase the number of own customers



Increase the percentage of UPI customers



Encourage keeping larger balance with us



Enhance the percentage of digital revenues



Encourage an enhanced engagement throughput of customers



Introduce more financial products

## How we have transformed

### Daily average transaction value

**1,130**

₹, average transaction value per day, Q4 FY 2023-24

**753**

₹, average transaction value per day, Q4 FY 2022-23

### CASA revenue

**21**

% CASA revenue as a % of overall revenue, FY 2023-24

**18**

% CASA revenue as a % of overall revenue, FY 2022-23

### Renewal income

**127.8**

₹ Crore, renewal income in FY 2023-24 (75% growth YoY)

**73.1**

₹ Crore, renewal income in FY 2022-23

### Average deposit

**1,352**

₹ Crore, average deposit, FY 2023-24

**905**

₹ Crore, average deposit, FY 2022-23

# The operating hygiene of our business



## Total transactions throughput (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
94,453	1,32,931	1,87,311	2,55,011	3,58,494

Even though the Bank is still relatively young, it reported 1.4x growth in transaction throughput in the last few years, growing every single year with an incremental quantum.

## Digital throughput (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
1,966	4,327	18,393	48,965	1,32,576

The growing digital transactions throughput indicates an increasing adoption of new age payment platforms, especially UPI. Rising smartphone penetration and increasing data consumption are resulting in more Bharat customers taking to digital. From Fino Bank's perspective, 40% of its 1.1 Crore customer base is active on UPI, which was instrumental in around ~1.27% of the total monthly UPI ecosystem transactions in the quarter ending March 31, 2024. Most importantly, it signals a shift in a segment of the Bank's customers from seeking assisted services to adopting self-service banking. With digitally empowered customers, Fino Bank intends to do more as a part of its Fino 2.0 journey.

## Digital throughput as a % of total throughput

FY 20	FY 21	FY 22	FY 23	FY 24
2%	3%	10%	19%	37%

The proportion of digital transactions is increasing within the overall annual throughput, validating the government's commitment to digitalise the rural economy. This increased to 41% and 42% in the last two quarters of the year under review.

## Count of digital transactions (Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
-	4.7	22.8	70.0	159.6

The increase in digital transactions indicates the transformation of India at the grassroots level – indicating a preference for digital transactions on account of convenience, security and immediacy – with a consistent increase in the number of unique users.

## Total Deposits (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
226	453	724	1,200	1,714

In line with a commitment to customer trust and satisfaction, there has been a significant rise in the deposits over the past five years. Since FY 2019-20, total deposits soared from ₹226 Crore to ₹1,714 Crore, a more than seven-fold increase. This impressive growth, which includes more than doubling over the last two fiscal years, underscoring the growing confidence of stakeholders. This trajectory highlights not only an expansion in the customer base but also an enhancement in the quality of customers, signalling robust business health and customer loyalty.

### Cost-to-income (%)

FY 20	FY 21	FY 22	FY 23	FY 24
37.0	31.4	28.3	26.3	26.5

The faster the Bank grows, the stronger the amortisation of fixed costs (largely people and technology), and the lower its cost-to-income percentage, unless the Bank made add-on technology investments that provided for the next round of growth.

### CASA accounts (in Lakh)

FY 20	FY 21	FY 22	FY 23	FY 24
15.6	28.1	48.3	78.0	109.8

Aligned with the Bank's goal of enhancing customer ownership—a key measure of potential transactions and deposit growth—the number of CASA accounts has demonstrated remarkable expansion. From 15.6 Lakh in FY 2019-20, the accounts grew to 109.8 Lakh by FY 2023-24, reflecting a seven-fold increase over five years. The surge observed in the last financial year was notable, the sharpest annual growth in the Bank's history, and underscoring a robust trajectory in customer engagement and trust.

### Average accounts opened per day

FY 20	FY 21	FY 22	FY 23	FY 24
1,984	3,420	5,545	8,133	8,685

The capability of the Bank to secure customer trust is aptly reflected in the average number of accounts it opens each day. From FY 2019-20 to FY 2023-24, this number escalated from 1,984 to 8,685, showcasing more than a four-fold increase. This growth trajectory peaked during the year under review, with the daily average surpassing 8,600 accounts, highlighting the Bank's effectiveness in attracting and retaining customers through enhanced services and operational excellence.

### Renewal income (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
-	7.6	27.5	73.1	127.8

The success of the business is evident from the exponential growth in CASA subscription renewal revenue, which offers a clear visibility in annuity revenue streams. Starting from ₹7.6 Crore in FY 2020-21, this income surged to ₹127.8 Crore by FY 2023-24, illustrating an increase of nearly 17x in just three years. The growth in renewal income during the last financial year alone exceeded the total increase observed in the two years leading up to FY 2022-23, underscoring a significant acceleration in business performance and customer retention.

### Customer balance (₹)

FY 21	FY 22	FY 23	FY 24
870	1,040	1,176	1,287

Active customer engagement suggests a propensity to maintain higher ready balances in the Bank. This increased trust was consistently validated through year-on-year growth in savings account balances over three years, even as the base of CASA accounts expanded significantly. This trend of an increase in balances was primarily fuelled by a growth in the UPI active customer base.

### Debit card spends (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
1,534	2,156	3,954	7,023	8,880

In markets previously unfamiliar with sophisticated financial products, the introduction of debit cards significantly boosted the confidence and convenience of consumers, particularly for small daily transactions. From FY 2019-20 to FY 2023-24, the amount spent using these debit cards consistently rose, from ₹1,534 Crore to ₹8,880 Crore. Notably, the increase during the last financial year was the most substantial year-on-year jump (26.44%) in spending, underscoring the highest annual growth in expenditure through these cards across the five-year period.

### Debit card spends per transaction (₹)

FY 20	FY 21	FY 22	FY 23	FY 24
2,515	2,528	2,710	2,984	3,170

Debit card spends per transaction showed a steady increase from ₹2,515 in FY 2019-20 to ₹3,170 in FY 2023-24, a growing inclination towards non-cash payment methods. This trend validates the convenience provided by Fino Bank and the broader acceptance of digital payments in rural areas. Each year, the average spend per transaction has risen, demonstrating the enhanced consumer confidence and integration within the rural digital payments ecosystem.

### CMS clients

FY 20	FY 21	FY 22	FY 23	FY 24
39	85	131	186	208

The number of clients using the Bank's cash management services (CMS) significantly increased, growing from 39 in FY 2019-20 to 208 in FY 2023-24. This client base includes sectors such as e-commerce, retail, and supply chain/logistics partners. The growth in the last financial year was notably the largest in quantum terms compared to any previous year, indicating a robust expansion and enhanced trust in the Bank's CMS capabilities.

### CMS throughput (₹ Crore)

FY 20	FY 21	FY 22	FY 23	FY 24
4,301	11,828	23,885	46,144	65,587

The Bank reported a remarkable growth in annual CMS throughput, with figures soaring from ₹4,301 Crore in FY 2019-20 to ₹65,587 Crore in FY 2023-24. This near fifteen-fold increase since FY 2019-20 underscores the strong relevance and traction of the Bank's services, particularly in rural India.

### Average CMS revenue per transaction (₹)

FY 20	FY 21	FY 22	FY 23	FY 24
-	73	94	125	155

The average revenue per transaction progressively increased, rising from ₹73 in FY 2020-21 to ₹155 in FY 2023-24. This steady growth in revenue per transaction forms the basis of the Bank's enhanced profitability, demonstrating an upward trend in the value derived from each transaction.

# What Fino Bank employees have to say about working at the Bank



**S**tarting off as an off-roll employee in January 2010 to now holding the position of a Regional Head has been quite a journey. With three promotions and multiple recognitions over the years, especially as the Best Innovative Employee and Superstar of Fino for achieving team targets, I have experienced first-hand the support and appreciation. Fino is not just a company; it is an emotion.

**Shishir Singh**, Regional Head, Patna, Bihar



**M**y most memorable, adventurous and enriching project was as a Cluster Head in Jharkhand in 2013, where I was assigned a cluster of villages (Naxal-affected). However, with safety provisions, I was not only able to execute the project but also engage with residents. I could successfully carry out the project because my inputs on the situation were valued by my seniors. That is what I admire most about Fino - the opinion of each individual is given due weightage.

**Satish Kumar Dubey**, Associate Vice President, Lucknow



**A**t Fino, I get to work in a positive environment, where one grows professionally and personally. This makes it an ideal workplace. Since good performance is recognised and rewarded, most employees stay on. If I had to describe Fino in one word, it would be 'inspiring'. In six years at Fino, I have witnessed the Bank grow around innovation and inspiration, enhancing personal growth.

**Vandana Eshwaran**, Manager, Quality Control



**I** joined Fino in March 2007 and since then have found myself in an environment full of freedom and ideas. Moreover, the support provided by the management and seniors at Fino is such that one can walk into anyone's cabin when needed. There is no concept of 'senior' or 'junior' when colleagues engage. Superior outcomes are recognized and rewarded; I received the Emerging Finoite Award in 2019.

**Gaurav Chourasia**, Vice President, Business Technology



**F**ino is an organization with empathy. When Odisha was hit by a destructive cyclone, one affected site was the Jagannath Puri temple where shops and services were shut, but Fino remained open. Our representatives reached out to customers in hospitals to assist them with banking services.

**Sachin Joglekar**, Vice President, East Zone



**D**uring the pandemic, the Bank took care of its COVID-affected employees, providing financial and emotional support. This support extended beyond the workers, where one of the employees' children suffered. Fino made sure that finance was not an issue for the child's treatment. Such acts bind people, be it employees or customers to Fino, and become a more intrinsic part of a pioneering institution.

**Vishal Gandotra**, Deputy Vice President, North Zone



**I**f I had to describe Fino in one word, I would call it 'family'. We have embarked on a journey to transform from being a baby bank to a potential Small Finance Bank and from there hopefully to into a universal bank in the future.

**Kumar Satyam**, Deputy Vice President, Bihar 1 and Odisha



**W**hen I joined Fino Bank two years ago, I was new to the banking industry and merchant management. Having spent 15 years in the sales team of an insurance company, a shift to a strategic role in the banking sector was a challenge. Fino gave me the opportunity to not only prove myself but grow – intellectually, personally and professionally. This helped me earn the 'Rookie of the Year' award.

**Sangeeta Kaushik**, Senior Manager, Sales and Distribution



# What our merchants and customers feel about Fino

**Ram**, two-wheeler mechanic and service outlet owner, Sikar

Displays his QR code at the outlet. Takes all payments through UPI and pays for spare parts using UPI. His dictum: 'Gande haatho se cash notes *gande nahi hote*.' He turned to Fino because it promised to hand him a debit card *haatho-haath*. 'Sub kuchh dekh-te-dekh-te ho gaya,' he says. Even though he is not 'padha-likha', he prefers payment apps in English. He has developed an intuitive sense of the layout and functions. 'Aadat si pad gayi hain!' he says.

**Naveen Kumar**, Balkunda, Telangana

A Fino merchant since 2019. Provides banking services to customers in his village. These services include AEPS, cash withdrawal and Micro ATM services. He also helps customers open Fino Bank accounts. Customers are not charged anything in addition to nominal charges in line with Fino's guidelines. This has enhanced his personal respect. 'Everyone thinks I am honest. Fino has enhanced my social standing,' he says.

**Parminder Singh**, Ludhiana

Engaged in the hosiery business. He opened a CASA account with Fino following a nudge from a local merchant engaged in the telecom business. His words: '*Acchha banda tha*. Did not pressurize me to buy into new schemes.' Parminder bets on fantasy league sports. He prefers to transact through his Fino Bank account as it does not interfere with his family bank account. The other day he asked the merchant: 'Tell me, what more can Fino do for me?'

**Amarjeet**, telecom shop owner turned Fino merchant, Agra

He has developed a large customer base because of two capabilities – 'The ability to speak nicely and solve customer problems with speed.' The customers developed a confidence. They started transacting more through their accounts. They renewed their CASA account for the second year running. His success is measured in one number: the average CASA balance of customers with him is ₹2,870. The secret in one word: 'Vishwaas!'

**Chandan**, village, 35 km from Patiala. Hairdresser.

Earns about ₹15,000 a month. Accepts payments into his Fino account through a pasted QR code. Moved from India's largest bank to Fino because the latter mis-sold insurance to him. Was helped by the Fino merchant. Once the trust was developed, he increased transactions through Fino. And is now among Fino's top 10 percentile of customers.

**Lukhwinder Singh**, Shamboo Kalan, Patiala district

Self-taught mechanic ('I can repair anything that can be opened'). Selective about what parts he will buy. Banks only with a PSU bank and Fino (account linked to his PhonePe QR). Collects payments through Fino for a specific reason: 'Easy to withdraw cash from the account. Can make digital payments (scan and pay) with ease.' Has done well enough to buy a car. Drives to Leh and Drass on vacation. Among Fino's biggest private CASA account holders.

**Pankaj**, a distributor with an MBA, Karnal

Turned into a Fino merchant. Was impressed by the fact that a Fino Bank account could be linked to a payment app (Gpay / PhonePe). These are his words: 'In the modern world, a bank must always be open and available. That is how Fino clicked with me.' The result is that his customers transact seamlessly through Fino night and day. '*Hamaari dukaan chaubees ghante khuli rahti hain*,' he said.

PART 4

# DEEPENING A CULTURE OF EXCELLENCE

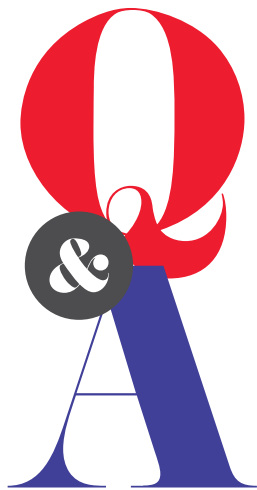




# By combining scale with service, we are optimistic of sustaining our sectorial outperformance across the foreseeable future

**Major Ashish Ahuja\***, Chief Operating Officer, explains how the Bank overcame challenges to create a robust growth foundation

\*(Major Ashish Ahuja was Chief Operating Officer till March 31, 2024. Re-designated as Chief Sales Officer with effect from April 1, 2024. He resigned from the Bank w.e.f. July 30, 2024)



## Q: What is the big message that you wish to communicate to Fino's stakeholders?

**A:** The big message is that the Bank applied for a Small Finance Bank license during the last financial year. The implications of this development extend beyond the application; the application represents a validation of the successful transformation of the Bank during the last few years, the strength of the Bank's Balance Sheet, the Bank's first mover advantage in being a profitable listed digital platform addressing the growing needs of an emerging and aspirational India and the successful responsiveness of the Bank in addressing a transforming market environment. We believe that the proposed evolution into a Small Finance Bank will extend the disruptive nature of our business model and provide us with a pan-India platform to emerge as a differentiated banking organization.

## Q: Why do you think the Bank's proposal to become a Small Finance Bank has come not a day too soon?

**A:** The Bank is evolving with speed from **a transaction focus to an ownership mindset**. What this means is that a few years ago, the Bank largely focused on getting customers transact through its platform. These one-off engagements generated nominal transaction fees for the business; however, what they achieved for the Bank was a habit-forming engagement

that prompted a number of them to start an account with Fino for a nominal fee in exchange for a range of services. This upfront payment represents a validation of the confidence that users have in Fino: that the Bank will be able to generate a value larger than their subscription payment. In turn, this confidence comes from the confidence of a new India where platform-based transactions have increased and are now being considered essential to lifestyles, irrespective of the geography. The quick switchover from one-off engagement to customer conversion or ownership represents the basis of my optimism of the country's economy, the evolving nature of the banking sector and the scope for a digital payments company like Fino.

## Q: What is the larger implication of the Bank's emphasis on 'ownership'?

**A:** This single word represents the heart of the Bank's business model. Take the larger picture: Over 68% of India's population is in rural areas, most of whom are under-banked and under-served. The result is that this population cluster – more than twice the size of USA – is at a cusp in its existence when its aspirations are being matched by consumer spending and digital transaction frequency. What is remarkable is that this population is jumping an entire generation – from cash-based transactions to digital engagements, completely bypassing the formal banking network, which is yet to become a truly

rural phenomenon. We believe that by being nimbler and more responsive to market realities, digital platform banks like ours are attractively placed to capitalise on this leap of faith and engagement. We are not only helping in a small way in making this digital transformation a reality, but we are also well-placed to carve out an attractive share of the transformation.

**Q: What provides the confidence that you are attractively placed to capitalise on the transformation?**

**A:** The confidence comes from the fact that the transformation is already transpiring within our company. The one number that conclusively indicates this is increased current account savings account (CASA) holders during the year under review: from 78 Lakh at the close of FY 2022-23 to 1.1 Crore at the close of FY 2023-24. In a single year, the Bank increased CASA holders by 41%; between FY 2020-21 and FY 2023-24 CASA accounts increased by **4x times!**

The increase in the Bank's CASA base indicates that more rural individuals see value in paying a nominal fee that covers them for an unlimited number of transactions using the Bank's phygital infrastructure. For a company that began to provide services only a few years ago, rising to over a crore of CASA accounts – a little less than 1% of the most populous country – represents a sizable critical mass on which to build our business. We not only see this as a validation of the value delivered by the country's organized banking network; more specifically, we see this as a vote in favour of our company's service proposition.

**Q: Can you elaborate on the critical mass?**

**A:** The fact that we created more than a crore CASA accounts means the following things to us: at first glance, it provides us with a predictable annuity income that sustains our cash flows and empowers us to cover overheads. But these CASA accounts are not only about existing realities; they are about emerging possibilities. Over time, we will be able to reach this captive audience

**INNOVATION INSTANCES**

Digital payments vertical

Annual fee-based savings account

Women-specific digital savings account

Cash management services

Own UPI switch

(so to speak) with a range of innovative products customized around their specific needs, generate a fee income from the sale of these products, and help graduate our focus from basic financial awareness to investment-driven wealth creation. We believe that this will be a continuously evolving engagement as a larger number of target customers generate a progressively larger income: the solutions that we provide presently for families with incomes below 'X' could then be customised for families with a considerably larger income of 'Y'.

During the last year, we created a stronger foundation to address 'X' audience and soon this experience will graduate us to 'Y'. Why this is important is that the growing CASA foundation will manifest a pipeline to an individual or a family through which we will be able to transmit a larger number of financial products, generating a larger fee income. As a result, the CASA subscription fee that we generated during the last year represents the tip of an income or revenue iceberg that could become more visible.

What excites us is that during the last financial year, we achieved the distinctive critical mass of over a crore of CASA customers on which to build the second line of growth at our company; besides, there was an increase in CASA subscription renewals from ₹73.1 Crore to ₹127.8 Crore during the year under review. The result is that the size of the subscription cake is not only growing but with an increasing rollover our foundation is becoming more reliable. These numbers validate the fact that the Bank's business model is evolving in the right direction.

**Q: What was the other highlight of the Bank's performance in FY 2023-24?**

**A:** The Bank built a new payments vertical to address the B2B space, a new line of business. The payments vertical will empower the Bank to receive payments from a number of payees and pay out a large number of recipients, making it an ideal service provider for online cloud businesses. This back-end technology platform enjoys attractive prospects of topline, margins and recurring surplus that provides the Bank with a deeper

technology respect as it consolidates the Fino 2.0 stage. This is a huge opportunity and the vertical contributed 9% to Q4 FY 2023-24 revenue.

The other highlight was the attractive increase in the cash management (CMS) business segment. During the last few years, there was a growing realisation that what we previously owned within our business was a pipeline into the heart of rural India and our competitiveness would be determined by the number of services we could feed into this pipeline. From this realization emerged the CMS service, where we transferred money for institutional customers into and out of rural locations, empowering them to focus on their core business. I am pleased to state that our CMS revenue grew 38% in FY 2023-24 to ₹143.9 Crore; the number of CMS customers grew from 186 in FY 2022-23 to 208 in FY 2023-24; the throughput generated from these customers grew from ₹46,144 Crore to ₹65,587cr, validating our role in energizing rural economies.

We continued to strengthen the digital backbone of our business to delight customers. It would be pertinent to remember that Fino's customers are from mid-to-low income households and are aspirational. I take pride from the fact that we – an urban-centric organisation – treated this set of customers with the respect that they deserve through superior service. In a sector that has often been portrayed as complex, we introduced a simple, seamless and sensitive service. In a sector that was either physical or digital, we take pride in having birthed a phygital engagement where we reach customers physically but address them digitally. In a sector that has often had to bear the cross for delayed customer engagement, we leveraged the power of our digital backbone to make every single customer bankable and service-ready - in just 10 minutes. This doesn't include the time taken to process the application; it also includes the time taken to provide a debit card on the spot. Besides, we emerged as the largest micro-ATM provider in India with a 30% share.

I have no doubt that by liberating precious time for rural Indians that makes it possible for them to address their various responsibilities, we are playing a social role in taking the country ahead; we are also enhancing the self-esteem of our customers that makes them feel good

about transacting through Fino. The result is that our ownership-driven slogan of **Har Din Fino** is now extending to **Sab Ke Liye Fino** (in more senses than one).

**Q: From an operations perspective, what challenges did the Bank face in FY 2023-24 and how did it respond to them?**

**A:** I will answer this from an intangible service-driven perspective because that is the originating point of all our downstream financial numbers. During the last financial year, the AePS environment went through frauds leading to a slowdown in our line of business. The micro ATM penetration did not improve as expected in spite of AePS issues. The UPI cannibalised the domestic money transfer and remittance business market share. Fino Bank responded correspondingly: the Bank ensured adequate control measures around AePS transactions by putting in a stronger monetary mechanism as well as tightening the onboarding of merchants doing AePS, which led to a recovery in the AePS transactions line of business and significant frauds reduction.

The Bank's Fino 2.0 initiative perceives UPI penetration as an opportunity, marked by a tremendous growth in digital transactions in the last couple of years. In FY 2023-24, for instance, digital transactions accounted for 37% of the overall throughput of over ₹3.58 Lakh Crore, a 171% growth year-on-year. Interestingly, for the segment that the Bank caters to, around 40% customers were digitally active, largely on UPI. In Q4 FY 2023-24, UPI transactions on Fino platform contributed 1.27% to the UPI ecosystem volumes indicating a growing preference for this medium amongst the Bank's customers.

Considering that our UPI focus is only three years old, the throughput during the last financial year indicates that we have decisively shifted the needle at the industry level and hope to play a larger role on a wider CASA platform coupled with increased rural aspirations and transactions. We expect to ride the growth of the UPI and grow exponentially. As customers move from the assisted to the self-service space, we expect that their UPI engagements will increase sharply with a catalytic impact on our exposure and revenues.

**Q: What provides the optimism that this represents the bottom-end of a long hockey stick growth curve for the Bank?**

**A:** The optimism comes largely from the confidence of a nation on the move. There has probably never been a more optimistic time in India in living memory. This optimism represents the distillation of positives: a pro-business government, political stability, long-term policies, relative global outperformance and sustained economic growth quarter-on-quarter. The cascade impact is that if the country sustains this momentum, the enhanced confidence will extend across social, economic and geographic layers and reach locations where we are most active. The more confident Indian masses are likely to feel based on the hope that tomorrow will be better, the more they will transact digitally through Fino and help build our CASA base.

How much we will grow by during this year is difficult to estimate but the directional confidence that one can provide is that we emerged as the first profitable payments bank, we possess a CASA base larger than the population of some prominent countries, we enjoy an active ratio higher than the industry average and our endeavour to sweat our CASA base is only starting out.

Over time, we intend to introduce more products that only deepen our engagements with the customer, enhance renewal, strengthen annuity incomes, provide us larger resources to reinvest and create a service-to-income virtuous cycle.

A focused implementation of our TAM strategy with an emphasis on Data, Digital and Distribution should sustain growth during the current financial year.

If there is a message in our performance during the last financial year, it is this: we did the harder thing during the last financial year (CASA crossing one crore accounts) and we strengthened the supporting elements of our business. By combining scale with service, we are optimistic of sustaining our sectorial outperformance across the foreseeable future.

## HIGHLIGHTS OF OUR PERFORMANCE, FY 2023-24

### CASA

Around 60% of the customers renew their bank accounts, thereby leading to a 75% YoY increase in renewal income. This reinforces the customer belief in a product suited for the segment and a distribution channel aligned to their lifestyle.

Added around 32 Lakh new accounts in FY 2023-24 registering a YoY growth of 7%, indicating customer faith in Fino's strong distribution network and tailor made products.

### Payments line of business

Setting up the payments business vertical. The B2B offering scaled with the addition of 19 clients that provided a new dimension to Fino's product suite and profitability.

### Digital

Throughput from digital platforms contributed 37% to the overall throughput in FY 2023-24. Fino UPI transactions contributed 1.27% to the overall UPI ecosystem transaction volume in Q4 FY 2023-24, indicating

a strong preference for adopting and using UPI for payments by the Bank's customer base.

### Cash management service

With a throughput of ₹65,587 Crore, CMS registered 42% YoY growth in FY 2023-24. As of end March 31, 2024 the Bank had 208 clients. Adding 22 new clients in the fiscal from across segments and engaging deeper with existing clients reinforces Fino's focus on products, their relevance to clients' needs and service delivery.

## 3 ways we transformed in two years

### #1 Sustained focus on TAM (Transaction, Acquisition, Monetisation)

- Driving transaction volumes riding the pan-India distribution network and penetrating new geographies.
- Converting 'off us' customers to 'on us' leading to customer ownership.
- Phase 3 of monetisation currently being built through Fino 2.0, partnerships etc.

### #2 Digital is the new step driven by the ecosystem

- Transformation through Fino 2.0.
- Focus on creating a robust digital ecosystem with innovative products, digital platforms and fintech partnerships.

### #3 UPI transactions on the Fino platform

- Rural or Bharat customers gradually adopting UPI thanks to availability of data, smartphone penetration and digital platform awareness and accessibility.
- Increase in digital throughput.

## NUMBERS WE ARE PROUD TO HAVE ACHIEVED IN FY2023-24

**37**

% digital contribution to our overall throughput

**128**

₹ Crore renewal income in FY 2023-24

**~40**

% of our CASA base that is digitally active

**75**

% YoY growth in renewal income, FY 2023-24

**1.27**

% contribution to the country's total UPI ecosystem transaction volume in Q4 FY 2023-24

**9**

% of our Q4 FY 2023-24 revenue from the newly introduced payment line of business (live with 19 clients)

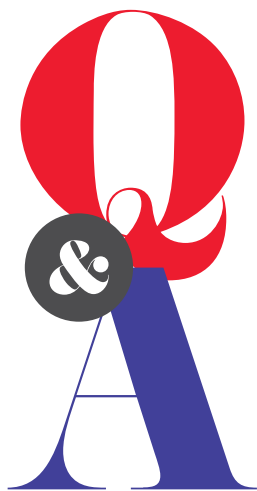
**32**

Lakh new customers added in FY 2023-24

# ‘The Bank evolved its business model and despite this, reported attractive year-on-year growth in two of its most important metrics in FY 2023-24’

**Shailesh Pandey\***, Chief Sales Officer, explains how the Bank deepened and evolved its terrain presence to strengthen its competitive advantage

\*(Shailesh Pandey was CSO till March 31, 2024 and took over as COO from April 1, 2024)



## Q: What is the big message that you wish to communicate?

**A:** The principal message is that the Bank evolved its business model with speed in response to a transforming eco-system. Importantly, even while it was engaged in this exercise, the Bank reported attractive year-on-year growth in two of its most important metrics – CASA and CMS – in FY 2023-24. The performance indicates that the Bank possesses robust managerial bandwidth to engage concurrently in strategic and tactical responses and yet deliver growth numbers. This transpired largely because of the fundamental relationship-enhancing value being provided by the Bank in improving the quality of life in rural India and underserved urban areas through digital payments.

## Q: You indicated a strategic response to an evolving eco-system. Can you explain?

**A:** The biggest challenge in the world of digital transactions is the emergence of cyber-fraud and the need to stay abreast with regulatory changes. The first is a complete challenge; the second warrants responsiveness by companies to stay in step. In our business model, there is a greater priority for cyber protection because our branch-less model has been created around merchants, making merchant integrity a business imperative. Importantly, banking is a business of trust; a customer trusts Fino and its merchants with his/her hard earned money for it to be safe.

So, the big question is: How does one ensure that the merchants that we selected to represent us across the country are individuals who can be completely trusted? We devised a customized response: we selected merchants from those who had worked with us in the past so we had a captive reference of who the individuals were and where they came from; in addition, we graduated our proprietary KYC to a level where we ascertained the financial and social backgrounds of the individuals we sought to work with and only when we are completely satisfied that the track record of these individuals ticked all the boxes did we venture to engage. Besides, these parameters were complemented with real-time proprietary checks and filters that ensured that only serious individuals engaged with us as merchants and were willing to follow our business-protecting protocols.

The result was that cyber-fraud instances declined 95% during the last financial year to the point of becoming negligible. This enhanced Fino Bank’s brand perception as one that could be trusted by a community of rural and underserved users where there has historically been a fear of such financial interventions. These measures, along with assisted services, led to increased customer confidence in transacting at Fino merchant points, prompting the much-heard observation across the markets of our presence: ‘Fino me kuch darne ki baat hi nahi!’ The underlying message in this transition was our adaptability: we recognised a challenge, moved with speed to implement safeguards and by the end of



the last financial year we had generated a significant improvement.

### Q: What was the other sales and distribution highlight of the year under review?

**A:** The fact that Fino remained asset-light and talent-light continued to be our principal sales and distribution arrowheads. From the experience of much of the industry, we could see that a conventional brick-and-mortar branch approach would be the only reality holding us back simply because by the time we invested and caught up with a reality, the market would have grown, and we would always be in catch-up mode.

Fino selected to walk a disruptive and differentiated road instead; it pioneered a phygital model that leveraged the physical premises of the merchant and virtual transaction backbone provided by the Bank. Besides, Fino addressed the recruitment challenge by selecting to work with the merchant as its principal local banking service provider or partner (against a transaction-based fee). This differentiated approach empowered the Bank to scale its business with speed starting from West to Central to North and gradually towards the Eastern and Southern states of India, which is evident in the numbers.

We consistently believed that this was the only way to widen the **accessibility, availability and affordability** of our service across the most populous market in the world and this was validated during the last financial year. The Bank crossed 1 crore CASA accounts within 7 years; besides, the growth in CASA accounts by 41% and transaction volume by 75% during the last financial year represents a validation of our differentiated sales and distribution model in an otherwise high mortality sector.

### Q: What was the other improvement by the Bank in its sales and distribution approach?

**A:** By the end of FY 2023-24 we had close to 18 Lakh of our own as well as partner merchant points, up from 13.7 Lakh in FY 2022-23. Along with expanding the banking reach, our focus was on improving the productivity of each merchant to create greater value for customers, merchants and the Bank. Merchant effectiveness was largely enhanced through the launch of

**Fino Hamesha**, our different customer engagement format. Our experience across the country indicated that a kirana store owner who became our merchant was often handicapped by the look of his conventional store: much as he tried, he could not attract digital transaction customers because he was essentially considered a 'kirana' store first and last.

We attempted to make a decisive change in this physical manifestation through Fino Hamesha, which appears more like a bank branch, is equipped with automation tools and comprises a passbook printer (all paid for by the merchant as the latter's skin in the game). This altered engagement format enhanced customer confidence in our service offering; by positioning Fino Hamesha at transaction points, we enhanced customer convenience and the possibility of cross-sale (say for instance, a transaction customer becoming a Fino Bank account holder). We increased Fino Hamesha outlets by 458 to take the total to 2,059 during the last financial year; this increased transaction throughput and account accretion numbers at each Fino Hamesha outlet; this appears to the direction in which we are headed, and this format will become increasingly relevant when we have asset products to market.

I must add that our decision to commission branches in BPCL oil marketing stations was sustained; this format activated at over 13,000 petrol pumps across the country enhanced our rural confidence, leveraging the national prominence of the BPCL brand. And lastly, we widened our terrain presence by populating our merchant presence at points proximate to commercial hubs. The complement of the three approaches enhanced the effectiveness of our distribution network in FY 2023-24.

### Q: What is the message you would likely to leave readers with?

**A:** The Bank's sales and distribution model is more sustainable than ever: there is a greater focus on 'How much more can we generate per merchant?' i.e average revenue per merchant (ARPM) than 'How many more merchants can we enlist?' There are also three engagement formats that make us completely flexible and less risky in our terrain response. We believe that in a country like India marked by different regional characteristics, the broadbasing of our engagement format enhances our distribution effectiveness.

We believe that we have an effective sales proposition for customers: pay just ₹449 a year and get the benefit of unlimited services, which is like a financial buffet for our customer segment. Our cost per transaction on average is probably the lowest within our peer set, which explains why the number of CASA accounts and corresponding renewal percentage increased during the last financial year.

The fact that we provide a multi-bank transaction platform has encouraged those with accounts in other banks to transact through our micro-ATM; I am happy to share that around 1% of those customers switched and became our CASA customers in FY 2023-24.

And lastly, I must emphasise that the Bank's value proposition is always tested by service quality: by being able to onboard a new customer in ten minutes (account opening, debit card delivery and PIN generation) without protocol compromises is probably among the quickest in India, translating into a favorable word-of-mouth that has helped attract more customers.

Because of these realities, we are optimistic of leveraging our merchant network more effectively during the current financial year, strengthening our volumes and overall profitability.

#### Branchless banking through 'Gully Gully Fino' initiative

*Over 80% of the Bank's network is rural, some areas being largely inaccessible*

- Hilly North-Eastern India
- Brahmaputra and Barak plains
- Imphal plain in Manipur; western Tripura
- Hilly Darjeeling terrain
- Densely forested and remote Chattisgarh, Andhra Pradesh and Odisha
- Himgiri in Himachal Pradesh (over 5,000 feet)
- Sunderbans islands
- Bagdah, Jonai and Sabroom villages near the Bangladesh border (Bengal, Assam and Tripura)
- Pasi Ghat in Arunachal Pradesh

# Data science transformation: Revolutionising Fino Bank's operations



**7 days**

Following onboarding,  
“Golden period” for  
customer engagement  
and transaction  
activity

## OVERVIEW

Analytics is ‘reading, seeing, hearing what everybody does, but thinking through what others do not.’

This places a crucial responsibility on the analytics function. The analytics team is detached from daily operational challenges, which, combined with robust quantitative skills and business acumen (enhanced by collaboration with business teams), enables it to perceive beyond the apparent. This perspective allows it

to derive meaningful insights from the obvious.

Fino is at the forefront of transforming India's banking landscape by utilizing data science to deepen its market understanding and deliver innovative solutions that transform the banking experience. Through the strategic use of data and advanced analytics, the Bank is reshaping practices and providing customers with personalised, efficient, and secure financial services.



## OUR STRENGTHS

- The Bank's SAS Viya platform monitors key business metrics, enabling the automatic daily update and publication of visualised dashboards.
- The internal team of data analysts and data scientists is focused on analysing customer behaviour.
- The Hadoop platform for Big Data analytics operates on a specialised technology infrastructure designed specifically for analytics practices.
- The use of machine learning (ML) algorithms has provided insights that assist in segmenting customers.
- The deployment of quantitative skills has enabled the team to analyse complex datasets and extract valuable insights that inform business strategies and operational improvements.
- The analyses and recommendations are aligned with the Bank's goals and contribute directly to its success.
- The work of cross-functional teams has enhanced innovation to address problems effectively.
- The refining of predictive models has made them more accurate, making it possible to anticipate customer behaviour and market trends.
- An experimental approach has helped hypotheses being tested and iterated upon; this supports innovation and helps the Bank stay ahead in a competitive market.
- A culture of continuous learning ensured that team members remained up to date with the latest technologies, an asset in a rapidly changing financial landscape.

## CHALLENGES AND MITIGATION

By early FY 2023-24, Fino Bank developed a platform to utilise data science in decision-making. The main challenges were enhancing the platform and, crucially, securing buy-in from stakeholders. This was essential since employing artificial intelligence (AI) models typically involves analysing multiple variables rather than just one, making the collaboration necessary to explain the correlations and causality. This approach made actionable insights more substantial. The softer aspects of analytics, such as these, were important. Addressing these required a combination of storytelling training, collaboration, simplification of quantitative data, and actively engaging with stakeholders to demonstrate the platform's value.

## OUR INITIATIVES

- The data integration team oversaw the data pipelines for analytics and established quality control mechanisms to oversee records ingested from each data source.
- A thorough maker-checker procedure was applied before any analysis was published to ensure accuracy, validity, and quality.
- Access to personally identifiable information was controlled, ensuring that only authorised personnel or teams had access to sensitive personal data, enhancing data privacy and security.
- Our data science team analysed text and WhatsApp messages from customers to discern their needs concerning opening new accounts, insurance policies, loan requirements, and others.

- We enhanced our predictive analytics skills; the creation of CXO dashboards on SAS ensured that our leadership teams had access to essential information for decision-making.
- Fino earlier focused on improvements from a month or period to the next as evidence of success. A cultural shift introduced the concept of seasonality (recognising that some fluctuations are due to seasonal factors or the broader ecosystem) and rigorous testing with control samples (crucial for assessing campaign effectiveness).

## HIGHLIGHTS, FY 2023-24

- In FY 2023-24, we refined our predictive analytics capabilities. Our proficiency in forecasting trends related to renewal rates, balance accumulations, and transaction activity has reached a mature stage. This development removes much of the guesswork when assessing the future performance of our existing business.
- The Bank identified the '**golden period**' for customer engagement and transaction activity, specifically the first 7 days following onboarding. Beyond this period, the Bank recognized that the likelihood of a significant impact dramatically declined.

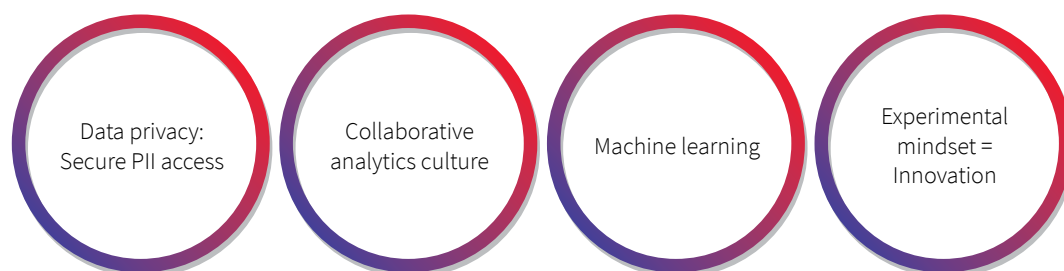
## OUTLOOK

Moving forward, it is essential to invest in an exposure to generative and predictive AI as well as training in statistical techniques. Besides, the Bank seeks to invest in its predictive analytics capabilities in FY 2024-25.

### Our data science strengths



## Our commitment to data privacy, collaborative culture and innovation through analytics



### OUR PREDICTIVE ANALYTICS CAPABILITY

- By leveraging data analysis and predictive modelling, we are able to forecast which customers are most likely to renew their Shubh Savings Account subscriptions.
- We possess the capability to identify which current account and savings account holders are likely to buy partner products, such as insurance, loans, and others.
- Our forecasting model enables us to predict the Bank balance levels of customers over the next 12 months.

### BIG NUMBERS

# 3.58

₹ Lakh Crore, Total throughput, FY 2023-24

# 1.33

₹ Lakh Crore, Digital throughput, FY 2023-24

# 65,587

₹ Crore, CMS throughput, FY 2023-24

# 2.55

₹ Lakh Crore, Total throughput, FY 2022-23

# 48,965

₹ Crore, Digital throughput, FY 2022-23

# 46,144

₹ Crore, CMS throughput, FY 2022-23

# 28

Clients with throughput of more than ₹600 Crore, FY 2023-24

# 23

Clients with throughput of more than ₹600 Crore, FY 2022-23

# 22%

YoY growth

# 211.0

Crore, Number of transactions, FY 2023-24

# 120.7

Crore, Number of transactions, FY 2022-23

# 74.8%

YoY growth

# 159.6

Crore, Number of digital transactions, FY 2023-24

# 70.0

Crore, Number of digital transactions, FY 2022-23

# 128%

YoY growth

# 208

Number of CMS clients, FY 2023-24

# 186

Number of CMS clients, FY 2022-23

# 12%

YoY growth

EXCELLENCE DRIVER

# Maximising our talent potential at Fino



## OVERVIEW

At Fino, we prioritise the role of informed and specialised talent in a complex business; this helps upgrade skills and benchmarks around the highest standards. In doing so, we aim to establish a reputation among the prominent sectorial employers. In a business environment that mandates timely investments, expanding

presence and a diverse portfolio, there is a consistent emphasis in promoting a culture based on meritocracy, diversity, and overall efficiency. The Bank prioritises the role of knowledge and experience, thus, strengthening team effectiveness, learning orientation and improved productivity leading to enhanced competitiveness.

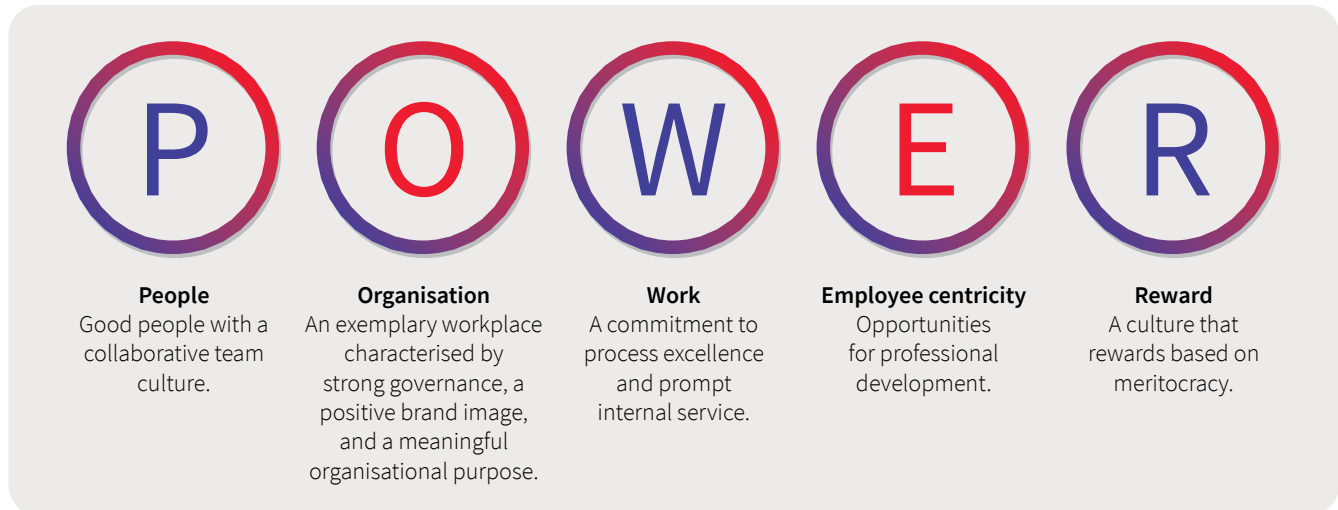
## OUR HR POLICY

The HR policy at Fino Payments Bank is designed to create a thorough understanding of the Bank's culture and policies among employees. It guarantees

that employees are informed about all the benefits and services offered by the Bank, as well as the required code of conduct that establishes a strong cultural foundation within the organisation. This HR policy is updated periodically and

is easily accessible through the Bank's internal HRMS.

The Bank's overarching policy is based on a distinctive employee value proposition, which is facilitated by **POWER**:



The effectiveness of this Employee Value Proposition was validated through low attrition compared to the industry, enhanced productivity among new hires, and the achievement of significant milestones. The Bank is committed to

build an institution that emphasises learning and development, enriches the employee experience, promotes career advancement, and builds capabilities. It nurtures a performance-driven culture; its Performance Management System

is structured to foster a focused and supportive environment that channels individual efforts towards meeting organisational goals.

## OUR HR GOAL

To achieve organizational objectives while promoting a positive work culture. This is accomplished through motivating employees, empowering them, focusing on continuous up-skilling and learning, and enhancing employee experience and engagement to improve team collaboration.

## OUR HR PRACTICES

At Fino, we have embraced the best HR practices aligned with HR and business goals. In this process, everyone is aligned to the organisational vision and values resulting in enhanced morale, improved productivity and increase in employee retention. The Bank's best practices involve strategic operations of HR, and organisational development. They constitute the foundation and guidance for employee management at the organisation. The following comprise focus areas:

### Traditional to transformed human resource practices:

Fino Bank has transitioned from traditional HR practices to more modern and efficient methods. This shift not only streamlines HR processes but also enhances data accuracy and improves decision-making capabilities, leading to a more agile and responsive HR department.

**Hiring right talent:** The Bank introduced a trainee scheme addressing attrition and promoting innovation in the organisation. Through its trainee schemes, such as Post

Graduate Trainees and Apprentices, it aims to establish a talented and energetic workforce, hence, creating a pipeline for future roles. The Bank's online onboarding process emphasises on the establishment of a delightful and memorable welcome experience, providing the mandatory materials and equipment on the first day and facilitating a smooth transition into Fino.

**Performance Management System:** The Bank promotes a meritocratic culture, which is indicated in its Performance Management System. This system consists of evaluations conducted quarterly, half-yearly and annually. Incentive programs are carried out for the sales force, while the internal job postings and role transfers across the locations and positions facilitate an efficient workforce.

**Learning and development:** In an organisation dedicated to institution building, a robust focus on learning is important. Training plays a crucial role as it assists in building a skilled workforce and provides development opportunities. The training and HR team implemented offline and online initiatives.

### Boosting a high-performance culture:

The Bank built a framework for acknowledging and rewarding the contributions of individuals and teams, along with a culture of openness, transparency and meritocracy.

**Hiring process:** The hiring strategy at Fino Bank is grounded in the belief that the recruitment process is a highly visible and dynamic method for showcasing an organisation's objectives and public image. This recruitment process applies to all prospective employees across various functions, including the AML/KYC function.

### Pre-onboarding profile selection:

To guarantee the most suitable job fit, candidates are assessed based on their functional knowledge, leadership qualities, skills, trainings, and certifications, which are aligned with job profiles, which are defined in consultation with the line managers. Job descriptions are meticulously drafted to clarify these requirements, enhancing understanding. Specifically, job descriptions related to AML/KYC, which inform the hiring process for the AML/KYC team, are attached for reference.

**Background verification:** To guarantee the selection of quality candidates, Fino Bank has established a reference check process for selected candidates. This check is conducted by an external specialised agency and includes verifying KYC details, conducting criminal background checks, and confirming previous employment, among other aspects, to ensure regulatory compliance and security.

## HR INITIATIVES

**Project Disha:** This is an organisation-wide initiative designed to leverage our corporate culture by revisiting and re-innovating our operational methods to better align with the evolving business and regulatory landscapes. The project kicked off with a Culture Scan Survey, which helped identify our strengths and areas for improvement. We identified six key areas to focus on, led by senior management and cross-functional teams. This is fostering a culture of high performance, strict compliance, and effectiveness, enabling employees to reach their full potential.

**Employee recognition and motivation:** The Bank participated in the top 100 Great People Manager Study conducted by Great Place to Work. In this study, 14 of our senior and mid-level managers qualified for the final stage. One of our leaders would be receiving an award certifying him/her as a Great Manager among India's Top 100 Great People Managers across

industries. This initiative validated a belief in our leaders and the work ethos where our people take pride in our people-first approach.

### Up-skilling and continuous learning:

The Bank believes in regular learning throughout all hierarchy levels apart from functional or operational training. This includes training for a first-time manager, infusing coaching/mentoring behaviour in the middle management and leadership training for the top management.

**Work-life balance:** We believe that its employees should be allowed opportunities to take some time off from work to achieve a healthy work-life balance. We recognise family responsibilities and the occasional need to be away from work to be attend to personal or domestic emergencies. The Bank has a provision for the annual leave entitlement for employees, comprising 24 paid

working days. Besides, the Bank has a provision of working from home for specific grades and married women employees, wherein employees can avail the facility of work from home one working day a month.

**Capacity building:** As we transition towards becoming a Small Finance Bank, we are deepening our compliance culture. We secured institutional membership with the Indian Institute of Banking and Finance (IIBF), a professional body of banks, financial institutions, and their employees in India. The IIBF is recognised for its role in continually updating and upgrading bankers' skills, managed by a governing council with representatives from the RBI, SBI, IBA, major public and private sector banks, cooperative banks, Small Finance Banks, and an academician from IIT Bombay. This membership will facilitate a structured training and development approach.

## SKILL-STRENGTHENING INITIATIVES

At Fino, we recognise the importance of departmental and organizational development, and actively plan learning journeys to support these needs. We strive to promote and build a learning environment where employees can explore and enhance their interests, talents, and skills, creating an agile atmosphere that promotes innovation and meets our business deliverables. We offer diverse methods for employee capacity building, organised to address the specific needs of different hierarchical levels.

**Induction:** Once an employee joins the organization, he or she is required to participate in an e-induction program accessible through the employee personal HRMS platform. This program provides comprehensive insights into all departments, explaining business operations and processes. It is designed to help new employees, enabling them to contribute effectively.

**Knowledge nuggets:** This initiative is aimed at facilitating knowledge sharing within the Fino hierarchy. Information is shared through emailers and WhatsApp group messages. As a part of our organisation, where new products and

processes are periodically introduced, it is essential to communicate developments to the field team in concise formats. This led to the creation of Knowledge Nuggets, designed to engage with the field team by covering each topic in a standalone format using media such as videos, infographics, and short process charts with minimal text.

**Sales training:** The Bank's training team is responsible for training on banking products and 'Do's and Don'ts under banking services' and software upgrades. Sales training comprised induction, process, product, refresher, soft skills and technical.



**Workshops/seminars:** The heads of departments nominate their employees for any specialized workshops/seminars relevant to their jobs, improving their knowledge and enabling them to contribute effectively to the organisation. The same is being facilitated by the HR department under Training Scope for employees.

**Institutional training:** As a part of the banking industry, we nominate our employees for a number of training programs meant for the banks facilitated in recognized institutes such as College of Agricultural Banking, Pune, IDBRT Hyderabad and IIBF Mumbai, among others.

**Coaching:** We believe in developing our talent, especially our senior management and high potential employees through coaching. We identified the Gallups Strength Finder tool to identify employee strengths and enhance skills through coaching. We facilitate coaching for emerging leaders.

## CAREER ENHANCEMENT PROGRAMS

**Succession planning:** The Bank is implementing succession planning for senior management leadership roles.

**Stepping stones programme:** This initiative is designed for middle management employees, who are

transitioning to senior management roles. It comprises performance management, experience sharing by senior managers, external facilitation on leadership lessons, and activities to develop leadership potential.

### UDAAN (Management trainee program):

This program creates a supportive environment for fresh graduates from prestigious management institutes, providing them with an initial career foundation in the industry.

## OUR EMPLOYEE POLICY

Fino is committed to uphold equal opportunity and non-discrimination practices. Our policy ensures that no employee or job applicant faces discrimination based on factors such as caste, creed, race, religion, gender, age, LGBT status, national origin, pregnancy, marital status, family status, disability, HIV status, veteran status, or any other protected class. Employment decisions are consistently made to support the principle of equal employment opportunity.

All decisions and actions, including those related to compensation, benefits, transfers, layoffs, returns from layoffs, company-sponsored training, development opportunities, and social and recreational programs, are carried out impartially, regardless of race, colour, religion, gender, age, national origin, pregnancy, marital status, family status,

disability, veteran status, or any other protected status as recognised by local laws.

Our Equal Employment and Non-Discrimination Policy forms an integral part of our Code of Conduct. Employees are encouraged to report any inconsistent treatment or behaviour through our Employee Complaint Resolution Policy or Vigilance and Whistleblower Policy. We maintain a zero-tolerance approach to victimisation or harassment of employees who report issues or participate in investigations.

The Bank supports these commitments through a dedicated field training team and an online platform called 'i learn' for HR initiatives. We provide **E-Induction** on our HRMS for new joiners, covering crucial topics such as information security, cyber security, anti-money laundering, anti-fraud, and POSH. We also offer professional training in IT and cyber security, secure coding guidelines, quality control selenium testing, and the JAVA Kubernetes Program.

## OUTLOOK

As the Bank plans to transition into a Small Finance Bank, the focus for FY 2024-25 will be to strengthen the brand to attract the best talent. The emphasis will be on bringing new ideas and institutionalizing best practices to retain and grow.

## Employees

FY 20	FY 21	FY 22	FY 23	FY 24
2802	2683	3028	2868	2682

## Employee cost as a percentage of revenues

FY 20	FY 21	FY 22	FY 23	FY 24
17.9	14.5	13.2	12.7	12

## Employees by age group

	FY 20	FY 21	FY 22	FY 23	FY 24
22-35	2311	2137	2405	2198	1974
36-45	440	480	548	588	612
46-60	51	66	75	82	96
Total	2802	2683	3028	2868	2682

## Employees by tenure

	FY 20	FY 21	FY 22	FY 23	FY 24
More than 5 years (as % of total)	0%	0%	0%	18%	22%
Less than 5 years (as % of total)	100%	100%	100%	82%	78%

Considering that Fino Payments Bank has been in existence only since 2017



# How we enhanced visibility and recall for Brand Fino Bank

The collage displays a wide range of Fino Bank's marketing efforts:

- PM-Kisan Samman Nidhi Yojana:** A large banner at the top left promotes the government scheme, highlighting the deadline of June 18, 2024, and offering assistance to farmers.
- Banking Services Available Here:** A top right banner lists various services like savings, loans, and insurance, emphasizing the bank's presence in local neighborhoods.
- Be a banker for your neighbourhood:** A campaign encouraging community involvement and local banking.
- आपका बैंकिंग पार्टनर, हर दिन के लिए:** A campaign in Hindi emphasizing the bank as a daily partner for customers.
- हमारे किसान भाइयों को इस राशि की नकद निकासी में मदद करें! #Aaiyetohsahi:** A campaign supporting farmers' cash withdrawals.
- अब बैंकिंग और एंटरटेनमेंट एक साथ:** A campaign linking banking with entertainment, featuring Gaana and ErosNow.
- आत्मनिर्भर से, बैंकर तक!:** A campaign promoting financial independence and banking.
- पेमेंट आपकी उंगलियों पर:** A campaign showcasing the ease of payments via the Fino app.
- अटल पेंशन योजना:** A campaign for the Atal Pension Yojana, a government pension scheme.
- Use karne se pahle karein check:** A campaign urging users to verify the authenticity of the mobile app.
- Banana ho Scientist:** A creative campaign featuring a child dressed as Albert Einstein, promoting the Fino Bhavishya Savings Account.
- Lauki kharidte waqt, Don't do PANCHAYAT:** A humorous campaign about buying pumpkins, promoting the Fino pay app.
- Download Now:** A campaign encouraging app downloads.
- COMPLETE YOUR RE-KYC & GET FREE ENTERTAINMENT:** A campaign offering incentives for re-KYC completion.
- फिनो मर्चेन्ट से मिलेगा तरकी मय व्यापार:** A campaign promoting merchant services and trade.

# A responsible ESG commitment lies at the core of our business operations



## OVERVIEW

A commitment to responsible ESG is essential for the modern businesses and serves as a vital benchmark for evaluating companies and their strategic direction by a globally aware and discerning stakeholder audience. Fino emphasises a formalised approach to Environment-Social-Governance (ESG) that addresses the needs of all its stakeholders.

At the core of Fino's business model is its socially inclusive nature and environment friendly operations that are integral to ESG. Driven by our overarching mission to create positive economic, social, and environmental impact, we strive to ensure

that every action we take contributes to sustainable development.

The Bank invested in a cutting-edge technology and data analytics platform to improve its processes and systems, strengthening its operational framework. The digitalisation efforts bring banking closer to our customers leading to minimised travel, reduced carbon footprint, improved social inclusivity and better reporting that enhances corporate governance.

As we progress on our ESG journey, the objective will be to boost operational stability, enhance business performance, and build trust among stakeholders.





## OUR ENVIRONMENT COMMITMENT

The Bank is dedicated to reducing its environmental footprint as part of its commitment to sustainability. Towards this, it has implemented a paperless system, eliminating traditional paper documentation for opening accounts and issuing digital receipts. Further, wherever possible, the Bank deploys LED lights across all office locations to reduce energy consumption. Going forward, the Bank may take feasible measures to reduce electricity consumption, lowering its environmental impact.

### Our philosophy

The Bank's core philosophy is to maintain a paperless environment while staying close to customers, physically and digitally.

### Our approach

Our approach focuses on responsible citizenship through effective environmental management. We achieve this by leveraging an asset-light neighbourhood network and digitisation,

which not only minimises environmental impact or costs but also enhances the customer experience.

### Our initiatives

The Bank embraces a paperless approach, except for the issuance of insurance policies where regulatory requirements necessitate the use of physical documents.



## OUR SOCIAL COMMITMENT

At Fino, we recognise that the effective management of the 'social' aspect of our business is essential to foster strong relationships with stakeholders. By ensuring stability in workforce, we enhance knowledge retention and operational continuity. By cultivating reliable partnerships with merchants, we secure access to resources around a favourable price-value proposition, particularly during challenging times. Our commitment to stable customer relationships allows us to offer tailor-made solutions that extend beyond transactions.

**Employment generation:** Our consistent and stable engagement with the communities we engage with helps us actively support and contribute to their wellbeing. We have created opportunities for employment generation by onboarding locals as banking merchants, fostering a positive impact. This is reflected in the fact that by the end of FY 2023-24 around 1.8 Million such merchants offered neighbourhood banking services, improving the life quality of local communities.

**Financial inclusion:** Through our asset-light business model, we are bridging the gap in the banking sector by extending formal banking services to the largely under-banked and under-served demographics via our merchant network. While regulatory requirements mandate banks to establish 25% of their banking points in rural areas, Fino Bank essentially surpasses this requirement with over 70% of its digitally enabled merchant network operating in rural India.

Additionally, we run financial literacy camps across states, often in collaboration with the National Bank For Agriculture And Rural Development (NABARD). The camps conducted in local languages help educate the underserved population on secure banking and other banking services. We are enabling financial inclusion at a larger scale by empowering local communities.

To gauge customer needs and improve offerings, the Bank employs Data Analytics and formal tools like Net Promoter Score (NPS) surveys, social media monitoring, and Facebook live sessions. Additionally, our Fino Saathi program promotes a direct dialogue between business leaders and

stakeholders, helping us gain a deeper understanding of customer preferences.

### Initiatives

**Promoting diversity and inclusion:** At Fino, we are committed to promoting diversity and inclusion within our workforce and leadership positions. In alignment with this commitment, we are actively addressing longstanding gender inequities: approximately 11% of our 1.8 Million strong merchant network as well as 30% of our total CASA customer base of over 1.1 Crore are women. Further, of the over 2,600 employees across the country more than 10% are women who contribute significantly to the business-critical functions such as technology, product development, project management, operations, customer experience, finance, HR and so on.

We work closely with various state governments in promoting diversity. For instance, one such initiative is our partnership with Uttar Pradesh State Rural Livelihood Mission's (UPSRLM) 'BC Sakhi' programme, where more than 12,000 women bankers are trained and

empowered to work in their respective micro markets. We also run campaigns to encourage women to participate as distribution partners and customers.

**Inclusive work environment:** We uphold a policy of non-discrimination regarding age, gender, or ethnicity, fostering an inclusive atmosphere that values diversity in various aspects. Our Equal Employment and Non-Discrimination Policy is integral to our Code of Conduct. Employees are encouraged to report any instances of inconsistent treatment or misconduct through our Employee Complaint Resolution Policy or Vigilance and Whistleblower Policy. We maintain a

zero-tolerance stance against victimization or harassment of employees who report issues or cooperate with investigations.

**Health policies:** Recognising that heavy workloads and harsh weather can affect health, we offer a comprehensive health insurance cum term life insurance and educate our employees on the best health practices. Our competitive health insurance plan aims to support our employees' well-being, covering all eligible and permanent staff under the medical insurance policy.

**Community engagement:** The Bank interacts with communities closer to

where it operates, aiming to expand its influence positively by implementing initiatives aligned with the Sustainable Development Goals. Our focus areas include the eradication of hunger, poverty and malnutrition, promotion of education, the enhancement of vocational skills amongst children cum women and practicing environmental conservation.

**Vendor relations:** The Bank made significant strides in strengthening relationships with vendors and customers, as robust partnerships are essential to delivering quality services.



## OUR GOVERNANCE COMMITMENT

Our governance framework is built around the principle of conducting business with clarity and integrity. We are dedicated to ethical governance, ensuring that our practices meet the highest standards of integrity, transparency, and accountability.

A primary focus in shaping our governance framework is the commitment to reduce inequality, as highlighted in Sustainable Development Goal 10 (SDG 10). We strive to address and lessen various forms of inequality.

**Board of Directors:** Our eight-member Board includes three female members, a diverse representation of 37.5% with rich and varied experience in the banking space. We value diversity and are continuously working towards a balanced Board composition, valuing the profound

expertise and diverse perspectives of professionals who enhance our strategic and multi-sectoral understanding.

**Trust:** At Fino, we believe trust is the fundamental business driver. It is the reason customers engage us, employees work with us, investors provide us risk capital, and communities support us. We strengthen this trust through the initiatives outlined in this document.

**Long-term thinking:** At Fino, we have committed to build our business around long-term sustainability. This philosophy guides our investments in assets, technology, personnel, locations, products, and trade partnerships.

**Accountability through a data-driven approach:** Fino Bank's data-driven

approach to decision making ensures a transparency in reporting business metrics to internal and external stakeholders. By incorporating Machine Learning based predictive analytics on an ongoing basis, we minimize transactional frauds across partner and customer networks.

**Contiguous growth:** We believe in geographical expansion through incremental steps, moving from one district to the adjacent one, capitalising on our distribution network and managerial capacity.

**Integrity:** We uphold the highest ethical standards in all our interactions with stakeholders. This includes conservative accounting interpretations, transparent, drafting inclusive policies and empathetic engagement with marginalised groups.



## OUR CORPORATE SOCIAL RESPONSIBILITY

# How Fino contributes to marginalised communities

### CSR VISION

Fino Bank is dedicated to fulfilling its Corporate Social Responsibility (CSR) through a commitment to social and environmental objectives, aligning with the CSR provisions specified in the Companies Act, 2013. The Bank aims to incorporate these CSR guidelines into its business practices and develop a strategy for allocating its CSR funds towards initiatives that benefit the society and the environment.

### PRIORITIES

- Social and environmental responsibility is a priority of the Bank's operational philosophy.
- The Bank's business model, which focuses on serving rural communities, exemplifies corporate social responsibility.
- As a conscientious and informed corporate citizen, we strive to support the socio-economic development of Indian citizens.
- We concentrate on initiatives that align with the activities listed in Schedule VII of the Companies Act.
- Our key areas of focus include primary education, healthcare, hunger eradication, skill development and environmental protection.

### HIGHLIGHTS, FY 2023-24

- The Bank spent ₹88.30 Lakh in CSR spend compared to ₹25 Lakh in FY 2022-23, a 3.5x increase.
- 12,000+ lives were benefitted through the CSR initiatives.
- Fino initiated the Apprenticeship Program to enhance the employability for fresh graduates.
- Fino touched the lives of 403 youths, with ~13% of the trained apprentices on-boarded as permanent employees.

### Objective-wise contribution

#### Eradication of hunger:

The Bank provided meals to more than 2,000 people.

#### Healthcare:

The Bank provided support to cancer care, hope and awareness to individuals and their families, benefitting approximately 6,500 lives.

#### Primary education:

350 to 400 street children, orphans and rag-picking kids saw their lives improved with the help of Fino.

#### Environment protection:

The Bank executed a project to clean and rejuvenate a water body.

#### Skill development:

The Bank initiated skill development for young students and graduates, improving employability prospects. Over 1,200 students and apprentices benefitted.

### BIG NUMBERS

**88.30**

₹ Lakh, Total CSR spend, FY 2023-24

**12,000+**

Total lives benefitted, FY 2023-24

**7**

States covered by our CSR programs

**100+**

Total volunteers, FY 2023-24

**10**

Total CSR projects undertaken, FY 2023-24

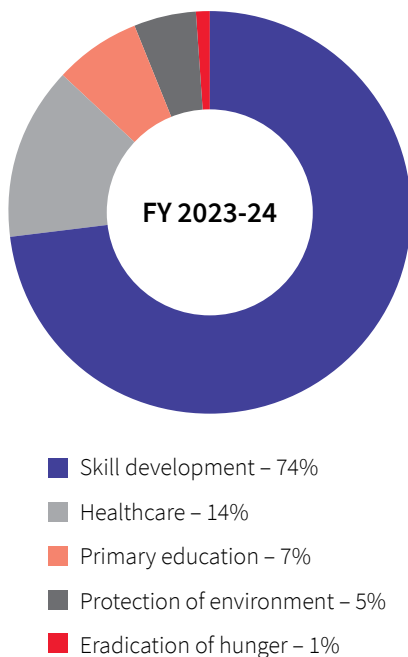
## INSTITUTIONS FUNDED

CSR institutions	Principal outcomes
Jan Vikas Society - Bal Ashram	The Bank provided infrastructure as well as primary education support, through which more than 100 street children benefitted.
Krupa Ghar Trust	The Bank provided primary education support, primary healthcare as well as mental and physical well-being measures. This initiative benefited 25 kids.
Ramakrishna Mission Ashram - Swami Vivekananda	Over 200 students benefited through interactive boards for classrooms and stationery for children.
Roti Bank	Meals were served to around 2,000 adults and kids
Social Umbrella Foundation (partner of Winfluent Technology)	The Bank carried out the 'Cleaning project' that led to visible improvements in the health and vitality of Tughlakabad Pond in New Delhi.
Sanjeevani...Life Beyond Cancer	The Bank organised cancer awareness programs with two walkathons benefiting more than 3,000 lives.
STEM Foundation	Mini science centres were facilitated in two schools, benefiting 800+ students.
V-Care Foundation	The Bank conducted cancer intervention programmes, impacting more than 500 lives
Apprenticeship program	The Bank helped apprentices upskill with the help of the 'Apprenticeship program', improving their employability.
Utsaah Foundation	The Bank provided better healthcare to nearly 3,000 patients, bring hope to their families.

## OUTLOOK

Fino Bank will seek to consistently handhold non-government organisations (NGOs) through long-term association and other initiatives.

### Sector wise CSR spend



### What communities have to say about our engagement

Fino's contribution made a significant difference in the lives of the vulnerable children at our organisation. The Bank provided our children with access to education, healthcare, and a nurturing environment. With this support, we will continue our mission of providing love, shelter and opportunities for a brighter future to every child under our care.

**John Paul**, Founder, Jan Vikas Society

Fino's support helped our Trust meet the financial challenges and address the education, medical needs and well-being of the inmates.

**Sweety Selvin**, Founder, Krupa Ghar Trust

We express our gratitude to Fino for supporting the initiative to rejuvenate and transform Tughlakabad pond, Delhi. Such gestures from the business community are crucial in managing the environment and social change. Moreover, this helps build a sustainable future for the upcoming generations.

**Rachna Kalra**, CEO - WinFluent Technology



# Our Board members



**Rajat Kumar Jain**

Part-Time Chairperson and  
Independent Director



**Deena Asit Mehta**

Independent Director



**Rakesh Bhartia**

Independent Director



**Anita Sudhir Pai**

Independent Director



**Neeta Mukerji**

Independent Director



**Pankaj Kumar**

Nominee Director



**Prateek Roongta**

Nominee Director



**Rishi Gupta**

Managing Director &  
Chief Executive Officer



**Prakash Iyer**

Independent Director (ceased  
with effect from 30.06.2023)



**Suresh Kumar Jain**

Independent Director (ceased  
with effect from 15.01.2024)

# Our leadership team



## **RISHI GUPTA**

### *Managing Director & Chief Executive Officer*

Rishi Gupta is the Managing Director and CEO of Fino Payments Bank. His vision was instrumental in driving Fino from a fledging fintech to reaching the pinnacle in the payments bank space. He led the bank to profitability within three years of its launch in 2017. He played a pivotal role in Fino becoming the first payments bank to be listed on the Indian stock exchanges in November 2021. He is actively involved in the industry and currently represents the Bank at the Payments Council of India, a premier payments and fintech industry association in India. Under his stewardship, the Bank is playing a key role in transforming the rural banking landscape by taking digital-led banking services closer to the masses. As a founding member of Fino Paytech, the parent company of Fino Payments Bank, Rishi brings valuable experience to his role.



## **KETAN MERCHANT**

### *Chief Financial Officer*

Ketan Merchant joined Fino Bank in 2018. His career prior to Fino spans across stints in HSBC, Standard Chartered and Barclays in India and overseas. Since the formative years of the Bank, he has been instrumental in building a sustainable model in a dynamic and changing banking landscape. Ketan with 25 years of banking experience, besides spearheading Finance, Balance Sheet management and governance function in the Bank, is a pivotal pillar in formulation of strategy of the Bank. His main area of focus is accelerating growth oriented strategies for the Bank and he has played a key role in listing the Bank in the year 2021. Under his stewardship the Bank has adopted three pronged strategy of DDD (Data, Distribution and Digital) for Fino 2.0 vision.



## **MAJOR ASHISH AHUJA**

### *Chief Sales Officer*

(Chief Operating Officer till March 31, 2024. Re-designated as Chief Sales Officer with effect from April 1, 2024. Major Ashish resigned from the Bank w.e.f. July 30, 2024)

Major Ashish Ahuja was the Chief Operating Officer (COO) from June 2020 till March 31, 2024 and Chief Sales Officer from April 2024 to July 30, 2024. As the COO he was responsible for developing and implementing innovative solutions for the bank, managing corporate partnerships and alliances, and strengthening the bank's product and service portfolio. Major Ashish ensured smooth service delivery to customers, clients and merchants by overseeing the cohesive functioning of Products, Central Operations, and other related functions. With a background spanning over 28 years, including military service, banking, channel management, and retail, he excelled in successfully executing complex projects.



## **SHAILESH PANDEY**

### *Chief Operating Officer*

(Effective from April 1, 2024); Chief Sales Officer (from June 2020 till March 31, 2024)

Shailesh Pandey has over two-decades of experience in the BFSI space. He has been a part of Fino Payments Bank since its inception in 2017 and took over as Chief Operating Officer (COO) in April 2024. Earlier as the Chief Sales Officer (CSO) of the Bank from June 2020 till March 31, 2024, Shailesh oversaw the establishment of the largest financial services distribution network in the country. The network has been critical in ensuring the successful execution of the Bank's TAM (transaction, acquisition, monetization) strategy, enhancing sustainability and delivering businesses objectives for the organization.



## VINOD KUMAR

### Chief Information Officer

Vinod Kumar joined Fino Payments Bank in 2018 as the Chief Information Officer (CIO). He plays a vital role in establishing a robust IT infrastructure system and is currently leading the digital transformation initiatives to create a future ready Bank. Vinod is instrumental in setting up strong cyber security measures, Robotic Process Automation and continuous efforts towards capacity building to manage the increasing volume of transactions. He holds a bachelor's degree in engineering from Rajasthan University, Jaipur and a master's degree in business administration from Manav Bharthi University. Prior to Fino he worked at Teletech Services India Limited, ICICI Bank Limited, Rakbank, and K-infosystems – FZE.



## TEJAS MANIAR

### Chief Digital Officer

Tejas Maniar joined Fino Payments Bank in April 2022 as Chief Digital Officer (CDO) to build and scale up its Fino 2.0 strategy. He has over 20+ years of experience in the digital domain. He started out when digital was at a nascent stage in the early 2000s with considerable stints in HDFC Bank, IDFC FIRST Bank setting and scaling up digital domains including products, applications, business and sales before joining Fino Bank.



## ANAND BHATIA

### Chief Marketing Officer (till June 7, 2024)

Anand Bhatia joined Fino Payments Bank as the Chief Marketing Officer on February 5, 2018 and was associated with the Bank till June 7, 2024. He played a crucial role in the Bank's brand journey, utilizing innovative new-age media platforms to create visibility for campaigns such as **Fikar Not, Har Din Fino** that led to improved customer engagement.



## 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. 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 Vijay Sales, Essar Group and BDO India LLP.



## BASAVRAJ LONI

### Company Secretary and Compliance Officer-Head Legal

Basavraj Loni joined Fino Payments Bank in November 2017 and currently holds the positions of Company Secretary and Head of Legal. With expertise in secretarial, legal, corporate governance, and compliance matters, Basavraj has previously worked at Priya Limited, Raj Oils Mills Limited, GOL Offshore Limited, and Mahindra & Mahindra Financial Services Limited.

# Board's Report

Dear Members,

Your Board of Directors are pleased to present the Eighth (8<sup>th</sup>) Annual Report of Fino Payments Bank Limited (“Bank”) covering business and operations together with the Audited Financial Statements for the financial year ended March 31, 2024.

## FINANCIAL HIGHLIGHTS

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

	(₹ in Crore)	
Particulars	2023-24	2022-23
<b>Balance Sheet:</b>		
Savings Bank Deposits	1,397.78	911.58
Current Account Deposits	14.76	5.56
<b>Total Assets/ Liabilities</b>	<b>3,419.11</b>	<b>2,466.40</b>
Total Income	1,478.38	1,229.91
Less: Expenses	1,287.49	1,093.83
<b>Profit /(Loss) before Interest, Depreciation and Tax</b>	<b>190.89</b>	<b>136.08</b>
Less: Depreciation	53.45	41.85
Less: Finance Charges	51.14	29.15
<b>Profit /(Loss) before Tax and prior period items</b>	<b>86.30</b>	<b>65.08</b>
<b>Profit /(Loss) before Tax</b>	<b>86.30</b>	<b>65.08</b>
Taxes	0.08	-
<b>Net Profit /(Loss) after Tax</b>	<b>86.22</b>	<b>65.08</b>
Other Comprehensive Income	-	-
<b>Balance of Profit /(Loss) carried forward to next year</b>	<b>86.22</b>	<b>65.08</b>
<b>Appropriations</b>		
Transfer to Statutory Reserve	21.56	16.27
Transfer to Investment Reserve	9.86	23.90

## BUSINESS OPERATIONS AND STATE OF AFFAIRS OF THE BANK

The brief details of the business operations and state of affairs of the Bank during financial year ended March 31, 2024 are given below:

1. Throughput grew by a whopping 40.58% year-on-year basis in FY24.
2. The Bank processed 211.03 Crore + transactions in FY24, a 74.85% growth compared to the previous year (Almost 1% of those who walk-in to transact eventually commence a relationship with the Bank).
3. Digital throughput grew exponentially by 170.75% to touch nearly 36.98% of overall throughput in FY24 at ₹1,32,575.90 Crore.
4. The Bank opened approx. 0.32 Crore current and savings accounts of customers in FY24, of which 98.62% + were subscription based accounts.
5. The Bank delivered a robust ROE of 14.74% in FY 24.
6. Merchant network went up by 28.20%, the Bank's physical outreach reached to 0.18 Crore + banking points in FY 24.

Further, the total revenue of the Bank was ₹1,478.38 Crore for the year ended March 31, 2024 as compared to ₹1,229.91 Crore in previous financial year. The Bank's Profit after tax stood at ₹86.22 Crore for the year ended March 31, 2024 as compared to ₹65.08 Crore in previous financial 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. The Bank became the Scheduled Bank with effect from January 01, 2021 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 and continues to comply with all the applicable regulations prescribed by RBI, from time to time.

A detailed operational performance of the Bank during the year has been discussed in the Management Discussion and Analysis Report which forms an integral part of this Annual Report.

## CHANGE IN NATURE OF BUSINESS

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

However, the Board at its meeting held on July 28, 2023 approved the proposal for transition of the Bank into a Small Finance Bank (“SFB”) subject to fulfilling all the necessary requirements and obtaining the necessary statutory / regulatory approvals.

Accordingly, the Bank has filed an application for transition into SFB with the RBI. Approval of RBI is awaited.

The Bank believes that it has the expertise, technology and team to cater to additional dimensions of the banking sector and contribute further towards the Government led initiatives of financial inclusion.

## CREDIT RATING

The details of credit rating as on March 31, 2024 along with its outlook are given hereunder:

Rating	Outlook	Rating Agency	Comments
Long Term: [ICRA] BBB+	Stable	ICRA Limited	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.
Short Term: [ICRA] A2+	Stable	ICRA Limited	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations.

ICRA Limited has re-affirmed credit rating of [ICRA] BBB+ (Stable) and [ICRA] A2+, for Long-term and short-term overdraft facilities of the Bank, respectively, vide its press-release dated April 30, 2024.

## DIVIDEND

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://web4.finobank.com/investors/corporate-governance#code-policies>

The Bank is in growing stage and on account of brought forward losses of previous years of ₹191.96 Crore 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, 2024.

## TRANSFER TO RESERVES

The Bank has appropriated ₹21.56 Crore towards Statutory Reserves for the financial year ended March 31, 2024.

## CAPITAL STRUCTURE

During the year under review, the authorised share capital of the Bank was increased from ₹85,00,00,000/- (Rupees Eighty Five Crore Only) divided into 8,50,00,000 (Eight Crore and Fifty Lakhs)

Equity Shares of face value of ₹10/- (Rupees Ten Only) each to ₹90,00,00,000/- (Rupees Ninety Crore only) divided into 9,00,00,000 (Nine Crore) Equity Shares of face value of ₹10/- (Rupees Ten Only) each by creation of additional 50,00,000 (Fifty Lakhs) Equity Shares having face value of ₹10/- (Rupees Ten Only) each aggregating to ₹5,00,00,000 (Rupees Five Crore only) ranking pari-passu with the existing equity shares of the Bank.

During the year under review, the Bank has not raised any capital, therefore the issued, subscribed and paid up share capital of the Bank as on March 31, 2024 was ₹83,21,43,020/- (Rupees Eighty Three Crore Twenty One Lakhs Forty Three Thousand Twenty Only) comprising of 8,32,14,302 (Eight Crore Thirty Two Lakh Fourteen Thousand Three Hundred and Two) Equity Shares of face value of ₹10/- (Rupees Ten Only) each.

## CAPITAL ADEQUACY RATIO

Your Bank has a strong capital adequacy ratio. As on March 31, 2024, the Capital to Risk Assets Ratio (“CRAR”) of your Bank was 74.50% which is well above the minimum requirement of 15% CRAR prescribed by the RBI.

Out of the above, Tier I capital adequacy ratio stood at 70.05% and Tier II capital adequacy ratio stood at 4.45%.

## STRATEGIC INITIATIVES DURING THE YEAR UNDER REVIEW AND TILL THE DATE OF THIS REPORT

### i. ACQUISITION OF 7.98% STAKE IN PAYSPRINT PRIVATE LIMITED

Pursuant to the approval of the Board and the Share Subscription and Shareholders’ Agreement executed by the Bank with PaySprint Private Limited (“PaySprint”) to acquire upto 12.19% equity shares of PaySprint in two tranches, the Bank has invested ₹2.5 Crore representing 7.98% of paid up capital of PaySprint i.e. first tranche of the proposed investment. The second tranche of remaining investment upto ₹1.5 Crore representing 4.21% of paid up capital of PaySprint is subject to RBI approval, as applicable, and at the sole discretion of the Bank.

The investment is in continuation to several in-house initiatives by the Bank that are already underway towards building a digital ecosystem for its customers as part of its Fino 2.0 journey. This investment will further strengthen your Bank product portfolio into Application Programming Interface (API) for business-to-business (B2B) integration. The Bank intends to develop API stacks in the following sectors: 1) Financial 2) Banking 3) Payment 4) Collection 5) Insurance 6) Lending 7) Investment 8) Travel 9) Verification and 10) Health Care API stacks.

### ii. PROPOSAL FOR GROUP CORPORATE RESTRUCTURING

The Bank had received a letter dated July 28, 2023 from Fino PayTech Limited (“FPL”), the Holding Company of the Bank, regarding a group corporate restructuring proposal. In view of the said letter, your Board has constituted Business & Corporate Restructuring Committee (“BCRC”) to explore the



possibility of group corporate restructuring and evaluate the implications and other considerations of the same.

The corporate restructuring proposal, as and when approved by the Board, remains subject to approvals and consents as may be required from the regulators, statutory bodies and relevant stakeholders under applicable law.

## UTILIZATION OF NET PROCEEDS FROM THE FRESH ISSUE IN INITIAL PUBLIC OFFER (“IPO”)

The net proceeds from the fresh issue in the IPO were utilised towards the objects stated in the Red Herring Prospectus dated October 22, 2021 i.e. towards augmenting its Tier – I capital base to meet its future capital requirements. Further, the proceeds from the Fresh Issue were also used towards meeting the expenses in relation to the IPO. The Bank on a quarterly basis affirms that there is no deviation in utilisation of the issue proceeds from the object stated in offer documents and submits to Stock Exchanges in compliance with the SEBI Listing Regulations.

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 2020”) and Fino Payments Bank Limited - Employees Stock Option Policy, 2023 (“ESOP 2023”) with a view to attract, retain, incentivize and motivate employees of the Bank by way of rewarding their performance and promoting their increased participation in the overall corporate growth and profitability. The ESOP 2020 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 which also acts as a Compensation Committee (“NRC”) of the Board is entrusted with the responsibility of implementation and administration of the ESOP 2020 and ESOP 2023.

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 (“SBEB & SE Regulations”) 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, if issued, under ESOP 2020 and ESOP 2023 shall rank 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 disclosed in the Notes to the

Financial Statements of the Bank for the financial year ended March 31, 2024, which forms integral part of this Annual Report.

The ESOP 2020 and ESOP 2023 are in compliance with the SBEB & SE Regulations. A certificate from the Secretarial Auditor of the Bank that the ESOP 2020 and ESOP 2023 have been implemented in accordance with the SBEB & SE Regulations and in accordance with the resolutions passed by the members of the Bank, shall be placed at the 8<sup>th</sup> Annual General Meeting (“AGM”) of the Bank.

## 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, 2024 and up to the date of this Report.

## TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, the Bank was not required to transfer any fund or Equity shares to the Investor Education and Protection Fund as per the provisions of Section 125 of the Companies Act, 2013 (“Act”) read with applicable rules framed thereunder, as amended from time to time.

## DEPOSITS

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

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on March 31, 2024, the composition of the Board was in compliance with the provisions of the Act, the SEBI Listing Regulations and the Guidelines for Licensing of “Payments Banks” dated November 27, 2014 issued by the RBI and the Articles of Association of the Bank.

During the year under review, the Bank as a matter of good governance practice has reconstituted its Board Committees to align with the RBI Circular No. RBI/2021- 22/24DOR.GOV. REC.8/29.67.001/2021-22 dated April 26, 2021 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board.

The Board of the Bank is duly constituted with an optimum combination of Executive and Non-Executive Directors including Independent Directors and Women 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 applicable RBI Regulations.

In terms of the requirement of the SEBI Listing Regulations, the Board has identified core skills, expertise and competencies of the Directors in the context of the Bank's businesses for effective functioning. The list of key skills, expertise and core competencies of the Board of Directors is detailed in the Corporate Governance Report.



In the opinion of the Board, all the directors as well as the directors appointed / re-appointed during the year possess the requisite qualifications, experience and expertise and hold high standards of integrity.

In terms of 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. The said certificate is enclosed as Annexure - A to the Corporate Governance Report.

### **Appointment/re-appointment of Directors made during financial year 2023-24 and till the date of this report**

Based on the recommendation of the NRC, the Board and the shareholders (as applicable), approved the following appointment/re-appointment during FY 2023-24 and till the date of this report:

1. Mr. Pankaj Kumar (DIN: 07245781) was appointed by the Board as a Non-Executive Nominee Director with effect from April 11, 2023, not liable to retire by rotation, subject to approval of Members. The Members approved the appointment of Mr. Pankaj Kumar as a Non-Executive Nominee Director of the Bank with effect from April 11, 2023, not liable to retire by rotation, through postal ballot by passing an ordinary resolution.
2. Mr. Rajat Kumar Jain (DIN: 00046053), Independent Director was appointed as the Part-time Chairperson of the Bank subject to the approval of RBI. Further, RBI vide its letter dated November 24, 2023 has approved the appointment of Mr. Rajat Kumar Jain as a Part-Time Chairperson of the Bank w.e.f. November 24, 2023 till November 01, 2025.
3. Mrs. Anita Sudhir Pai (DIN: 07651059) was appointed by the Board as an Additional Director in the capacity of Independent Director with effect from January 11, 2024. The Members approved the appointment of Mrs. Anita Sudhir Pai as an Independent Director of the Bank for a term of five consecutive years commencing from January 11, 2024 up to January 10, 2029 (both days inclusive) through postal ballot by passing a special resolution.
4. Mrs. Neeta Mukerji (DIN: 00056010) was appointed by the Board as an Additional Director in the capacity of Independent Director with effect from March 05, 2024. The Members approved the appointment of Mrs. Neeta Mukerji as an Independent Director of the Bank for a term of five consecutive years commencing from March 05, 2024 up to March 04, 2029 (both days inclusive) through postal ballot by passing a special resolution.

### **Re-appointment of Director retiring by rotation**

In accordance with the provisions of Section 152 of the Act and the Articles of Association of the Bank, Mr. Rishi Gupta (DIN:01433190), 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 the re-appointment of

Mr. Rishi Gupta forms part of the Notice convening the ensuing 8<sup>th</sup> AGM.

The profile and particulars of experience, attributes, skills of Mr. Rishi Gupta together with his other directorships and committee memberships in terms of Regulation 36 of SEBI Listing Regulations and Secretarial Standard on General Meetings (“SS-2”) issued by the Institute of Company Secretaries of India have been disclosed in the annexure to the Notice of the AGM.

### **Cessation of Directors during the financial year 2023-24 and till the date of this report**

Mr. Prakash Kulathu Iyer was appointed as an Independent Director of the Bank for a period of five years with effect from June 01, 2022. Mr. Prakash Kulathu Iyer resigned as an Independent Director of the Bank w.e.f. June 30, 2023.

Mr. Suresh Kumar Jain was appointed as an Independent Director of the Bank for a period of five years with effect from January 16, 2019. Mr. Suresh Kumar Jain ceased to be Independent Director of the Bank w.e.f. January 15, 2024 upon completion of his tenure.

The Board placed on record its appreciation for the valuable services and support provided by Mr. Prakash Kulathu Iyer and Mr. Suresh Kumar Jain during their tenure as Independent Directors 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 & Compliance Officer

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.

### **Declaration of Independence**

All Independent Directors (“IDs”) of the Bank have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act read 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 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, with respect to enrolling their name in the online databank of independent directors maintained by Indian Institute of Corporate Affairs

("IICA") and qualifying the online proficiency self-assessment test, as applicable.

## **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, SEBI Listing Regulations and applicable 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, Material Risk Takers, Senior Management Personnel and other Employees of the Bank.

The proposals for appointment of Directors are submitted to the NRC along with requisite documents/disclosures received in the prescribed format from proposed candidates as Director. The NRC carries out the fit and proper assessment after ascertaining the veracity of documents submitted, experience and qualifications required for the post and if deems fit, recommend the profile of proposed candidate for appointment to Board for its approval. The NRC and the Board ensures that the remuneration to be paid to the proposed appointee is in accordance with the compensation policy of the Bank and applicable RBI guidelines issued in this regard. During the financial year 2023-24, the Board reviewed the Compensation Policy, which regulates the appointment and remuneration of Directors, Key Managerial Personnel, Material Risk Takers, Senior Management Personnel and other employees of the Bank. The terms of reference of the NRC, objectives of Compensation Policy including other details have been detailed in Corporate Governance Report annexed to the Board's Report.

Remuneration of Directors, Key Managerial Personnel, Material Risk Takers and Senior Management Personnel are reviewed by the NRC and approved by the Board in accordance with the applicable laws. The Compensation Policy of the Bank is available on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

## **BOARD PERFORMANCE EVALUATION**

In accordance with the provisions of the Act, SEBI Listing Regulations and RBI guidelines, the Annual Performance Evaluation of the Board, its Committees, Part-time Chairperson, Managing Director & CEO and each Director has been carried out for the year under review. The details of evaluation process of the Board, its Committees, Part-time Chairperson, Managing Director & CEO 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 <https://web4.finobank.com/investors/corporate-governance#code-policies>

## **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. In event of any unexpected occurrence in respect of any member in the senior management team, the next person as per the organisation chart and hierarchy shall take interim charge of the position subject to the approval of the NRC, pending a regular appointment in terms of the succession plan. The Policy on Succession Planning is made available on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

## **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.

## **DIRECTORS' 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, 2024 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.

## **CODE OF CONDUCT FOR DIRECTORS INCLUDING INDEPENDENT DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

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 2023-24, 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 forming part of this Annual Report. The Code of Conduct for Directors and SMPs is disclosed on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

## MEETINGS OF THE BOARD AND COMMITTEES

In compliance with the statutory requirements, the Bank has seven mandatory Committees viz. Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Risk & Asset Liability Management Committee, Stakeholders Relationship Committee, IT Strategy Committee and Customer Service Committee. The Bank also has three operating/ special purpose committees for better administration viz. Committee of Directors (Operations), Strategic Investment Committee and Business & Corporate Restructuring Committee.

All the recommendations made by all Board Committees, including the Audit Committee, were accepted by the Board.

A detailed update on the composition, governance and terms of reference of Board committees, attendance of Directors at Board and Committee meetings held during financial year 2023-24 is provided in the Corporate Governance Report annexed to the Board's Report forming part of this Annual Report.

## AUDITORS

### Statutory Central Auditors and their Report

M/s. A P Sanzgiri & Co, Chartered Accountants (ICAI Firm Registration Number: 116293W) the Statutory Central Auditors of the Bank have conducted Statutory Audit of the Financial Statements of the Bank for financial year ended March 31, 2024. 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, 2024 is disclosed in the Note No. 60 to Financial Statements for the financial year ended March 31, 2024 forming part of this Annual Report.

M/s. A P Sanzgiri & Co, Chartered Accountants were re-appointed as the Statutory Central Auditors in the 7<sup>th</sup> AGM for a period of two (2) years until the conclusion of the 9<sup>th</sup> AGM of the Bank to be held in the year 2025, subject to the approval of the RBI on annual basis. Accordingly, RBI vide its letter dated July 19, 2024 has approved the re-appointment of M/s. A P Sanzgiri & Co., Chartered Accountants as the Statutory Central Auditors of the Bank for FY 2024-25.

The Statutory Central Auditors have confirmed that they satisfy the independence criteria and other eligibility norms required under the applicable laws and the Code of Ethics issued by the Institute of Chartered Accountants of India.

### 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 of the Bank undertook the Secretarial

Audit for the financial year ended March 31, 2024. There were no qualifications made by the Secretarial Auditors in their Report.

The Secretarial Audit Report for financial year 2023-24 is annexed as **Annexure-I** to the Board's Report.

### Cost Auditor

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.

### 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.

## REPORTING OF FRAUDS

During the year under review, M/s. A P Sanzgiri & Co., Statutory Central Auditors of the Bank, has reported the details of fraud under Section 143(12) of the Act, wherein it was mentioned that there are 21 complaints received amounting to ₹25.27 Crore of which individually there were 7 cases which were over ₹1 Crore each aggregating to ₹20.94 Crore. The Statutory Central Auditors have reported the same to the Central Government under Section 143(12) of the Act read with circular no. NF-25013/2/2023 dated June 26, 2023 issued by National Financial Reporting Authority, Government of India ("NFRA").

Further, during the year under review, the Secretarial Auditors of the Bank has not reported any instances of fraud committed in the Bank by its officers or its employees.

## 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 the 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 at regular intervals and directs necessary steps to further improve the Internal Control System.

## LOANS, GUARANTEES AND INVESTMENTS

The particulars of investments made by the Bank are disclosed in Note No. 2 of notes to account.

There were no loan made, guarantee given or security provided and hence, no disclosure was required to be made herein 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/specific approval were 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, was placed before the ACB for its review on a quarterly basis.

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, on a half yearly basis to the Stock Exchanges and updated its website accordingly.

There were no material transactions with related parties, which were not in the ordinary course of the business nor were there any transactions 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://web4.finobank.com/investors/corporate-governance#code-policies>

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

Your Bank is committed to maintain 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. The 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. The Bank has also created Application Programming Interface (“API”) 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 Bank’s 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 endeavors to enhance it further for cross sell.

#### e. Other systems implemented

The Bank is implementing Gyankosh (Knowledge Management System), drop 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 re-admission system for merchant.

RPA – Automation implemented for Cash-In 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 convenience.

##### 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.

### i. 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.

### ii. 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 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 were no foreign exchange earnings, however, there was foreign exchange outgo of ₹0.97 Crore.

## RISK MANAGEMENT

The 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 the 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 & Asset Liability Management ("RALM") Committee of the Board 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 provide 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 ongoing basis and 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 Committee. 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 Committee.

### (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 Payments Banks and Executive level Committees, viz. Investment and Market Risk Committee and ALCO, that supports the RALM Committee 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 in place an adequate perimeter level security protection devices, internal data protection solutions, 24x7 monitored Security Operations Centre (“SOC”). Various security solutions such as threat monitoring and subscription to other global solutions are put in place to monitor and act on any critical alerts. However, cyber threats are evolving and various types of attacks are executed such as ‘Zero Day’ and many new variants of malware attacks. Any of the new variant attacks may impact the network or data protection. To mitigate such risks on the technology stack, adequate security crisis management processes are in place as per regulatory requirements and internal processes. 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.

For the effective management of IT Risk, the Bank has constituted Information Security Risk Committee (“ISRC”) as an Executive Committee that supports the IT Strategy Committee dealing with the day-to-day affairs, associated issues/concerns, if any, in a comprehensive manner.

### (d) Reputation Risk Management

Your Bank as part of Internal Capital Adequacy Assessment Process under Pillar 2 of Base-I, 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 advises on regulatory matters. The focus is on identifying and reducing risk by rigorously testing products and 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.

For the effective management of Compliance Risk, the Bank has constituted Committee of Executive (“COE”) as an Executive Committee that supports the Audit Committee dealing with the day-to-day affairs, associated issues/concerns, if any, in a comprehensive manner.

## CORPORATE SOCIAL RESPONSIBILITY

The Bank has in place a Corporate Social Responsibility (“CSR”) policy and constituted CSR Committee in accordance with the provisions of Section 135 of the Act read with rules framed thereunder and Schedule 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 Bank include eradicating hunger, promoting health care, promoting primary education, skill development and protection of the environment.

In terms of the provisions of the Act, for financial year 2023-24, the Bank has spent ₹0.88 Crore (including the set off of the excess amount spent by the Bank in the previous financial year) based on its commitment to CSR programs.

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 forming part of this Annual Report.

The CSR Policy is available on Bank’s website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

## 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 financial year 2023-24 is provided in the Report on Corporate Governance, forming part of this Annual Report.

## HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

The Bank does not have any subsidiary, joint venture or associate Company. The details of Holding Company are given below:

Name of the Company	Whether incorporated/ acquired/ converted	Year of incorporation	Status
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 Bank’s website at <https://web4.finobank.com/investors/financials#annual-report>



## CORPORATE GOVERNANCE

The Bank's activities are carried out in accordance with the 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. The Bank adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India ("SEBI")/Ministry of Corporate Affairs ("MCA")/RBI. The Corporate Governance Report for financial year 2023-24 along with a certificate issued by M/s. DM & Associates Company Secretaries LLP, 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 AND SUSTAINABILITY REPORT

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

## DISCLOSURE OF AGREEMENTS BINDING THE BANK

In terms of Regulation 30A(2) of the SEBI Listing Regulations, agreements specified in clause 5A of paragraph A of Part A of Schedule III of SEBI Listing Regulations, along with its salient features, are available at the website of the Bank at [www.finobank.com](http://www.finobank.com).

## 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 February 11, 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 RBI 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 MCA issued the roadmap for implementation of new 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-à-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 annexed as **Annexure – III** to the Board's Report.

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 as amended, forms part of this Annual Report and will be made available to any Member on request as prescribed therein. The aforesaid statement is available for inspection and any Member interested in obtaining a copy of the statement may write to the Company Secretary of the Bank at [cs@finobank.com](mailto:cs@finobank.com)

## 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's 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 Chairperson 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://web4.finobank.com/investors/corporate-governance#code-policies>.

## **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 RBI, MCA, SEBI, Stock Exchanges, Registrar and Transfer Agent, Depositories and other statutory and regulatory authorities and thank all the stakeholders of the Bank including its investors, customers, merchants, 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, exhibiting strong professionalism, teamwork and initiatives, to reinforce its customer centric reputation and look forward to their continued contribution in building this Bank into a great institution.

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

Date : July 31, 2024  
Place : Navi Mumbai

**Rajat Kumar Jain**  
*Part - Time Chairperson & Independent Director*  
DIN: 00046053

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

## Annexure I

### 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, 2024**

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 Bank"). 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 Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended March 31, 2024, complied with the statutory provisions listed hereunder and also that the Bank 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 Bank for the financial year ended on March 31, 2024 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'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
  - c. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; and
  - d. 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 ('SEBI') Act, 1992 **were not applicable** to the Bank during the financial year under report: -
- a. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - 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 Non-Convertible Securities) Regulations, 2021;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and
  - e. 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 compliance certificates placed before the Board of Directors by the Bank and its Officers for systems and mechanism formed by the Bank and for compliances under other applicable Acts, Laws and Regulations to the Bank. For tax laws and compliance with relevant accounting standards 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 Bank and on examination of the relevant documents and records in pursuance thereof, on test check basis, the Bank has complied with the following laws applicable specifically to the Bank:

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 Bank 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 Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the following observation:

The Director, Financial Intelligence Unit – India imposed a monetary penalty of ₹5 lakhs (Rupees Five Lakhs only) on February 07, 2024, in exercise of powers conferred under section 13 (2)(d) of the Prevention of Money Laundering Act, 2002 (“the Act”) for the Contravention of:

- Rule 7(3) read with Rule 2(1)(g), of Prevention of Money Laundering Rules (“PML Rules”) in relation to Lack of mechanism to detect and report suspicious transactions for its 2 Corporate Business Correspondents (Open Banking Partners) and Rule 8(2) read with Rule 3(1)(D) and Rule 2(1)(g), PML Rules in relation to Failure to file STRs for its 2 Corporate Business Correspondents (Open Banking Partners);
- Non-compliance with Section 12(1)(c) of the Act read with Rule 9(12)(i) of the PML Rules [Failure to conduct effective on-boarding due diligence for its 2 Corporate Business Correspondents (Open Banking Partners)].

#### **We further report that**

The Board of Directors 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 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.

Almost 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 Bank commensurate with the size and operations of the Bank 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:

In terms of the ordinary resolution passed by the Members of the Bank at their 7<sup>th</sup> Annual General Meeting held on September 25, 2023, the Bank altered the Capital Clause of its Memorandum of Association by increasing the Authorised Share Capital of the Bank from the existing ₹85,00,00,000/- (Rupees Eighty-Five Crores Only) divided into 8,50,00,000 (Eight Crores and Fifty Lakhs) Equity Shares of face value of ₹10/- (Rupees Ten Only) each to ₹90,00,00,000/- (Rupees Ninety Crore only) divided into 9,00,00,000 (Nine Crore) Equity Shares of face value of ₹10/- (Rupees Ten Only) each by creation of additional 50,00,000 (Fifty Lakhs) Equity Shares having face value of ₹10/- (Rupees Ten Only) each aggregating to ₹5,00,00,000 (Rupees Five Crore only) ranking pari-passu with the existing equity shares of the Bank.

#### **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: F005683F000262522

Place: Mumbai

Date: April 30, 2024

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**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.**

## ANNEXURE – I (MR-3)

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 Bank. 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 Bank.
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 Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

### **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: F005683F000262522

Place: Mumbai  
Date: April 30, 2024

## Annexure - II

### Annual Report on Corporate Social Responsibility for FY 2023-24

[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 Bank 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:

- Primary education, healthcare including preventive healthcare and sanitation, eradicating hunger, poverty and malnutrition, ensuring environmental sustainability, ecological balance, protection of environment;
- 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 for FY 2023-24

Sr. 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.	Mr. Rishi Gupta	Chairperson, Managing Director & CEO	2	2
2.	Mrs. Deena Asit Mehta	Member, Independent Director	2	2
3.	Mr. Rakesh Bhartia	Member, Independent Director	2	2
4.	Mr. Prakash Kulathu Iyer <sup>1</sup>	Member, Independent Director	1	1

1. Mr. Prakash Kulathu Iyer ceased to be member of the CSR Committee w.e.f. June 30, 2023 pursuant to his resignation as an Independent Director of the Bank.

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

The web-link for Composition of CSR committee, CSR Policy and CSR Projects are given below:

- CSR Committee: <https://web4.finobank.com/investors/corporate-governance#committees-of-board>
- CSR Policy: <https://web4.finobank.com/investors/corporate-governance#code-policies>
- CSR Projects: <https://web4.finobank.com/investors/announcements-intimation>

#### 4. Provide the executive summary along with the web link(s) of 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: Not applicable

- Average net profit of the Bank as per Section 135(5): ₹44.43 Crore
- Two percent of average net profit of the Bank as per Section 135(5): ₹88.88 Lakhs
- Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: NIL
- Amount required to be set off for the financial year, if any: ₹0.59 Lakhs
- Total CSR obligation for the financial year (b+c-d): ₹88.29 Lakhs
- Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹88.30 Lakhs
  - Amount spent in Administrative Overheads: Nil
  - Amount spent on Impact Assessment, if applicable: Not applicable
  - Total amount spent for the financial year (a+b+c): ₹88.30 Lakhs
  - CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Lakhs)	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
88.30	-	-	-	-	-



(f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (₹ in Lakhs)
i.	Two per cent of average net profit of the Bank as per section 135(5)	88.88
ii.	Total amount spent for the financial year	88.30
iii.	Excess amount spent for the financial year [(ii)-(i)]	NIL
iv.	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

*Note: CSR obligation for the financial year 2023-24 was ₹88.88 Lakhs. Further, ₹0.59 Lakhs was available for set-off from the previous year. Accordingly net CSR obligation was ₹88.29 Lakhs and the Bank has spent ₹88.30 Lakhs.*

7. Details of Unspent CSR amount for the preceding three financial years:

1	2	3	4	5			7
Sr. No.	Preceding financial year(s)	Amount transfer to Unspent CSR Account under Section 135(6) (in ₹)	Amount spent in the reporting financial year (in ₹)	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 ₹)
				Name of the fund	Amount (in ₹)	Date of transfer	
1	NA	NA	NA	NA	NA	NA	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: None.

9. 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 CSR Committee

Date : April 29, 2024  
Place : Navi Mumbai

**Rakesh Bhartia**  
Independent Director  
DIN: 00877865

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

## Annexure – III

### 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 2023-24

Sr. No.	Name of Director/ KMP	Designation	Ratio
1	Mr. Rajat Kumar Jain <sup>1</sup>	Part-Time Chairperson & Independent Director	12.22:1
2	Mr. Rakesh Bhartia	Independent Director	12.62:1
3	Mrs. Deena Asit Mehta	Independent Director	10.69:1
4	Mrs. Anita Sudhir Pai <sup>2</sup>	Independent Director	1.84:1
5	Mrs. Neeta Mukerji <sup>3</sup>	Independent Director	0.56:1
6	Mr. Suresh Kumar Jain <sup>4</sup>	Independent Director	9.38:1
7	Mr. Prakash Kulathu Iyer <sup>5</sup>	Independent Director	2.65:1
8	Mr. Pankaj Kumar <sup>6</sup>	Nominee Director	NA
9	Mr. Prateek Roongta	Nominee Director	NA
10	Mr. Rishi Gupta	Managing Director & CEO	68.25:1

1. Existing Independent Director, appointed as a Part-time Chairperson of the Bank w.e.f. November 24, 2023

2. Appointed w.e.f. January 11, 2024

3. Appointed w.e.f. March 05, 2024

4. Ceased w.e.f. January 15, 2024 upon completion of his tenure

5. Resigned w.e.f. June 30, 2023

6. Appointed w.e.f. April 11, 2023

Note: In case of the Managing Director & CEO, the Bank has considered the annualised fixed pay for the computation of ratios. Fixed pay including salary, allowances, retiral benefits as well as value of perquisites and Variable Pay as approved by the Reserve Bank of India. For the Directors other than the Managing Director & CEO, the actual remuneration paid during the financial year 2023-24 has been considered while calculating the ratio of remuneration to the median employees' remuneration.

The Bank didn't pay any remuneration to Nominee Directors.

#### II. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2023-24

Sr. No.	Name of Director/ KMP	Designation	Ratio
1.	Mr. Rishi Gupta*	Managing Director & CEO	15.57%
2.	Mr. Ketan Merchant	Chief Financial Officer	11%
3.	Mr. Basavraj Loni	Company Secretary	11%

\* RBI has approved the fixed pay for financial year 2023-24 and approval on variable pay is awaited; therefore the mentioned figure includes increment in fixed pay and the proposed variable pay as approved by the NRC and Board.

##### Payment of Remuneration to Independent 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 ₹1,00,000 per Board meeting and ₹75,000 per Committee meeting to Independent Directors.

Further, pursuant to advise given by RBI vide its letter dated August 25, 2023 and the circular issued by the RBI on "Review of Fixed Remuneration Granted to Non-Executive Directors" dated February 9, 2024, the Board of Directors had approved the payment of compensation to each Non-Executive Independent Director of the Bank (except Part - Time Chairperson) by way of fixed remuneration up to ₹10,00,000 (Rupees Ten Lakh Only) per annum w.e.f. financial year 2023-24 till financial year 2024-25 and up to ₹15,00,000 (Rupees Fifteen Lakh Only) per annum to Part-Time Chairperson w.e.f. November 24, 2023 till financial year 2024-25. Further, the shareholders through postal ballot approved the said remuneration to the Independent Directors of the Bank including the Part-Time Chairperson on April 07, 2024. The Independent Directors of the Bank, including the Part-Time Chairperson were paid compensation, on a proportionate basis, in the form of fixed remuneration for the financial year 2023-24.

**III. Percentage increase in the median remuneration of employees in the financial year 2023-24**

The median remuneration of the employees of the Bank increased by **15.88%** in the financial year.

**IV. Number of permanent employees on the rolls of the Bank as on March 31, 2024**

There were **2,682** permanent employees on the rolls of Bank as on March 31, 2024.

**V. Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year i.e. 2023-24 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 **8.91%**.

Average percentage increase for employees other than the Managerial Personnel for the financial year is **8.68%**.

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

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

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 31, 2024  
Place : Navi Mumbai

**Rajat Kumar Jain**  
*Part-Time Chairperson & Independent Director*  
DIN: 00046053

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

# Management Discussion and Analysis

## Indian economy

**Overview:** The Indian economy was estimated to grow 7.8 per cent in FY 2023-24 as against 7.2 per cent in FY 2022-23 primarily driven by improved performance in the mining and quarrying, manufacturing and certain segments of the services sector. India has maintained its position as the fifth largest economy in the world. The Indian rupee displayed relative resilience compared to the previous year as the rupee depreciated 0.8% from ₹82.66 against the US dollar on the first trading day of 2023 to ₹83.35 on December 27, 2023 versus the greenback.

In the 11 months of FY 2023-24, the CPI inflation experienced an average of 5.4 percent with rural inflation exceeding urban inflation. Food inflation experienced a spike on account of lower production and erratic weather. Core inflation, on the other hand, averaged at 4.5 percent, down from 6.2 percent in FY23, moderated by softening global commodity prices.

India's foreign exchange reserves reached a historic peak of \$645.6 billion. The credit quality of Indian companies remained robust from October 2023 to March 2024 on account of deleveraged Balance Sheets, sustained domestic demand and government-led capital expenditure. Rating upgrades continued to surpass rating downgrades in the second half of FY24. UPI transactions in India witnessed a record 56 per cent growth in volume and 43 per cent growth in value in FY24.

## Growth of the Indian economy

	FY 21	FY 22	FY23	FY24
Real GDP growth (%)	-6.6%	8.7	7.2	7.8 E

E: Estimated

## Growth of the Indian economy quarter by quarter, FY 2023-24

	Q1FY24	Q2FY24	Q3FY24	Q4FY24E
Real GDP growth (%)	8.2	8.1	8.4	8E

(Source: Budget FY24; Economy Projections, RBI projections, Deccan Herald)

India's monsoon in 2023 hit a five-year low, with August marking the driest month in a century. Despite receiving only 94 per cent of its long-term average rainfall from June to September, wheat production estimatedly recorded 114 million tonnes in the 2023-24 crop year due to higher coverage. Rice production was anticipated to decrease to reach 106 million metric tons (MMT) in comparison to 132 million metric tonnes in the previous year. Total kharif pulses produced in 2023-24 stood at an estimated 71.18 lakh metric tonnes, which is lower than FY 2022-23 due to climatic conditions. As per the first advance estimates of national income released by the National Statistical Office (NSO), the manufacturing sector output is projected to have grown 6.5 per cent in 2023-24 compared to 1.3 per cent in 2022-23. The Indian mining sector experienced an estimated growth of 8.1 per cent in 2023-24 compared to 4.1

per cent in 2022-23. Financial services, real estate and professional services grew at projected rate of 8.9 per cent in 2023-24 compared to 7.1 per cent in FY 2022-23.

Real GDP or GDP at constant prices increased from ₹171.79 lakh crore ₹160.06 lakh crore in 2022-23 (provisional GDP estimate released on 31<sup>st</sup> May, 2023) to ₹171.79 lakh crore. Growth in real GDP during 2023-24 was estimated at 7.3 per cent compared to 7.2 per cent in 2022-23. Nominal GDP or GDP at current prices was estimated at ₹296.58 lakh crore in 2023-24 as compared to the provisional 2022-23 GDP estimate of ₹272.41 lakh crore. The gross non-performing asset ratio for scheduled commercial banks improved from 3.9 per cent as of March 2023 to 3.2 per cent as of September 2023.

India's exports of goods and services were expected to reach \$900 billion in 2023-24 compared to \$770 billion in the previous year despite global headwinds. Merchandise exports were expected to expand between \$495 billion and \$500 billion, while services exports were expected to touch \$400 billion during the year. India's net direct tax collection increased 17.7 per cent to ₹19.58 lakh crore in FY24. Gross GST collection amounted to ₹20.2 lakh crore, marking an 11.7% increase, with an average monthly collection of ₹1,68,000 crore, surpassing the previous year's average of ₹1,50,000 crore.

The agriculture sector was projectedly grew 1.8 per cent in 2023-24, which is lower than the 4 per cent expansion recorded in 2022-23. Trade, hotel, transport, communication and services related to broadcasting segment are estimated to grow at 6.3 per cent in 2023-24, a contraction from 14 per cent in 2022-23. The Indian automobile segment was expected to close FY 2023-24 with a growth of 6-9 per cent, despite global supply chain disruptions and rising ownership costs. The construction sector was expected to grow at 10.7 per cent year-on-year from 10 per cent in 2023-23. Public administration, defense and other services were projected to grow by 7.7 per cent in 2023-24 as against 7.2 per cent in FY2022-23. The growth in gross value added (GVA) at basic prices was pegged at 6.9 per cent, down from 7 per cent in 2022-23.

India entered a pivotal phase in its S-curve, marked by rapid urbanisation, industrialisation, increase in household incomes and rising energy consumption. The country emerged as the fifth largest economy with a GDP of \$3.6 trillion and nominal per capita income of ₹123,945 in 2023-24.

In FY2023-24, India's Nifty 50 index experienced a 30% growth, propelling India's stock market to become the fourth largest globally with a market capitalisation of \$4 trillion. Foreign investment in Indian government bonds saw a significant increase in the final quarter of 2023. India ranked 63<sup>rd</sup> out of 190 economies in the ease of doing business, according to the latest World Bank annual ratings. Moreover, India's unemployment rate decreased to 3.2% in 2023, down from 6.1% in 2018.

**Outlook:** India successfully tackled its global economic challenges in 2023 and is poised to continue as the world's fastest-growing

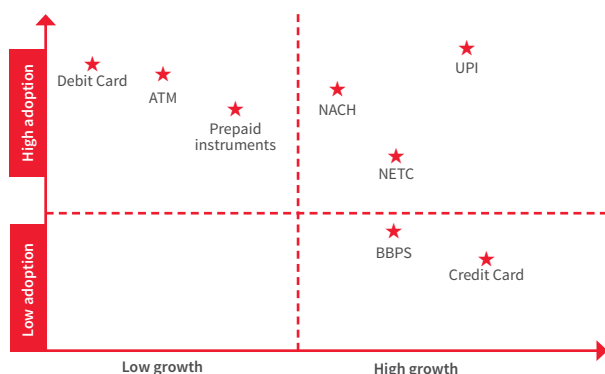
major economy backed by a growing demand, moderate inflation, stable interest rates and robust foreign exchange reserves. The Indian economy is anticipated to surpass \$4 trillion in 2024-25.

**Union Budget FY 2024-25:** The Interim Union Budget 2024-25 continued to prioritise capital expenditure spending, comprising investments in infrastructure, solar energy, tourism, medical ecosystem and technology. In 2024-25, the top 13 ministries in terms of allocations accounted for 54% of the estimated total expenditure. Of these, the Ministry of Defence received the highest allocation at ₹6,21,541 crore, constituting 13% of the total budgeted expenditure of the central government. Other ministries with high allocation included Road transport and highways (5.8%), Railways (5.4%) and Consumer Affairs, food and public distribution (4.5%). (Source: Times News Network, Economic Times, Business Standard, Times of India)

## Industry overview

India emerged as a leader in the digital payments landscape on account of creation of an environment that makes the nation easier to embrace and utilise digital payment modes. It has a high rate of digital payment adoption in comparison to other countries, and as a result, many other nations want to learn from India and leverage its learnings and design choices.

## Mapping of payment instruments with respect to growth and adoption



New-age products such as Unified Payments Interface (UPI), National Electronic Toll Collection (NETC) and National Automated Clearing House (NACH) were received well by consumers and are expected to experience growth in the next five years.

Mobile wallets are gradually gaining popularity in India and are projected to surpass traditional methods like cash and cards. The use of mobile wallets is expected to grow at a CAGR of 18.3% between 2024 to 2028, peaking ₹531.8 lakh crore (\$6.4 trillion) in 2028.

The mobile wallet payments in India, in terms of value, increased at a robust CAGR of 72.1% between 2019 and 2023 to reach ₹202.8 lakh crore (\$2.5 trillion) in 2023. This acceptance of mobile wallets is primarily driven by the government's focused efforts on digital payment methods, like unified payments interface (UPI).

India is one of the most developed mobile wallet markets in the world. Mobile wallets are widely used for the day-to-day transactions at supermarkets, grocery stores, and street vendors, as well as for online transactions. This surge in mobile wallet adoption is largely driven by UPI, facilitating payments in real-time simply by scanning QR codes.

In FY24, the country's UPI platform surged significantly year-on-year in terms of its transactions volume and value at 56.6% and 43.4% respectively. The nation registered 13,115 crore UPI transactions during the year under review, with a transaction value of ₹199.29 lakh crore as against 8,376 crore transactions worth ₹139 lakh crore in FY23.

With a growth of 56.6% in volume and 43.4% in value, UPI in India grew at a healthy rate in FY24. There was a deeper entrenchment of UPI with average ticket size declining and widening UPI use for small ticket items. The average ticket size in March 2024 stood at ₹1,471 compared to ₹1,623 in March 2023.

UPI transactions are anticipated to surpass 100 crore transactions per day by FY27, as the digital payment method is set to dominate the retail digital payments landscape, accounting for 90% of total transaction volumes.

The India Fintech Market size is projected at \$111.14 billion in 2024, and anticipated to reach \$421.48 billion by 2029, increasing at a CAGR of 30.55% between 2024 and 2029. The country became a hub for a number of FinTech startups. Government initiatives to promote the digitization of financial systems and a cashless economy supported a shifting consumer focus towards digital alternatives for financial transactions and services. The Indian Fintech industry consists of sub-sectors such as BankingTech, LendingTech, PayTech, RegTech, InsurTech and WealthTech.

The volume and value of UPI transactions grew 118% and 106% respectively, in 2023, showcasing adoption of the digital payment method beyond Tier 2 geographies. The acceptance for Mobile Point of Sale (mPOS) experienced a 5 per cent rise in value, showcasing a rise in the adoption of technology among the small merchants. The rise in gross transaction value was a result of not only the growth in traditional banking and ATM services but also the adoption of products such as UPI and mPOS, NTC credit solutions, insurance and e-commerce, among others. Despite this, there was a market gap needing the right product, pricing, and distribution for easier adoption. The demand for micro-ATM devices reported a 17% rise in purchases compared to the previous year. The average cash withdrawal per transaction rose from ₹2,595 in 2022 to ₹2,624 in 2023.

Financial year	Digital transactions (Volume in crore)
2017-18	2,071
2018-19	3,134
2019-20	4,572
2020-21	5,554
2021-22	8,840
2022-23	13,462
2023-24 (Till 11.12.2023)	11,660

(Source: pib.gov.in)

## India UPI transactions in volume and value over the years

Financial year	UPI transactions (volume in crore)	UPI transactions (₹ Lakh Crore)
2017-18	92	1
2018-19	539	8.76
2019-20	1,252	21.31
2020-21	2,228	41.03
2021-22	4,597	84
2022-23	8,376	139
2023-24	13,115	199.29

(Source: PWC report, LiveMint, pib.gov, Economic Times, Business Standard, MoneyControl, Business Today)

### Government initiatives

The Indian fintech revolution is the outcome of sustained government initiatives:

**Jan Dhan Yojana:** One of the largest financial inclusion programs in the world, facilitating the opening of new bank accounts for more than 500 million people. This initiative has provided access to various financial services including direct benefit transfers, remittances, credit, insurance, and pensions. The significant growth in financially included individuals has formed a large consumer base that enables fintech companies to create and offer innovative, technology-based products and services designed to meet the needs of this demographic.

**Financial literacy:** In 2020, the Reserve Bank of India launched the Centre for Financial Literacy project aimed at enhancing financial education and awareness, especially in rural and semi-urban areas. The initiative strives to improve understanding and knowledge about financial planning and management, providing advice on various financial products and services such as bank accounts, insurance, pension schemes, and digital payments. The project involves training community volunteers as financial literacy counsellors, equipping them with the skills needed to educate and support their local communities in financial matters.

**India Stack:** IndiaStack comprises a series of APIs that facilitate seamless and secure access to digital infrastructure, significantly propelling innovation and growth within India's fintech industry. It supports the creation of various digital services such as digital payments, digital identity verification, and eKYC processes. Additionally, IndiaStack has helped expand financial inclusion, making it simpler for millions of unbanked or under-banked individuals to access financial services. (Source: Invest India)

### Payments bank industry structure and developments

Payments Banks are regulated bodies functioning within the broader fintech and payments sector. Their primary goal is to extend the reach of payment and deposit services to emerging businesses, low-income yet aspirational households, itinerant workers and other informal entities by facilitating high-volume, low-value transactions. This strategy targets segments that traditional banking has not sufficiently served. To ensure they stay focused

on their foundational objectives, Payments Banks are permitted to establish their own branches, ATMs and business correspondents.

These entities have the authorization to accept non-NRI demand deposits, issue ATM and debit cards as well as Prepaid Payment Instruments (PPIs), provide remittance and internet banking services, serve as business correspondents for other banks, facilitate utility bill payments and conduct simple, non-risk sharing financial services.

Given their central focus on payments, remittances, and facilitating access to banking services, the maximum account balance for customers was originally capped at ₹100,000 at the end of each day. This limit was later increased to ₹200,000 by the regulatory authority.

These banks are not permitted to provide loans. To generate returns sufficient to pay interest on savings accounts, they can invest 75% of their demand deposit balances in government securities or treasury bills with maturities of up to one year. The remaining 25% must be held in current and time/fixed deposit accounts with other scheduled commercial banks for operational and liquidity needs. The Reserve Bank of India (RBI) recognises investments in government securities or treasury bills with one-year maturities as eligible securities for maintaining the Statutory Liquidity Ratio (SLR).

Within the framework of regulations, payments banks have successfully established a wide network of banking points, either through their own business correspondent channels or by utilizing the existing branch infrastructure of a parent or core business. For example, Fino Payments Bank has established close to 18 lakh merchant banking points across India, including those through an open banking channel.

### Company overview

The Bank is a leading Indian payments bank committed to delivering a range of banking and financial services. Its primary aim is to meet the banking needs of underserved groups such as low-income families, small businesses, and rural communities. The bank offers a comprehensive suite of services, including savings and current accounts, money transfers, bill payments, and mobile recharges. Beyond these basic services, The Bank also focuses on providing customised offerings like micro-insurance, micro-investments, and loans, specifically designed to address the particular needs of its target customer base.

### Opportunities and threats

#### Opportunities

**Rapid growth in digital payments:** With digital payments expected to dominate the retail digital payments landscape, the Bank can further expand its services in UPI-based transactions which are projected to reach over 100 Crore transactions per day by FY27.

**Fintech market growth:** The Bank can leverage the Indian Fintech industry growth to introduce innovative financial products in sub-sectors such as BankingTech, PayTech, and InsurTech.



**Government support for digitalisation:** Ongoing government initiatives to promote digital financial services and a cashless economy can help the Bank in expanding its digital services and reaching a broader customer base, especially in underpenetrated markets.

**Technological adoption among small merchants:** The increasing acceptance of technology like mobile point of sale (mPOS) devices among small merchants suggests a growing market for the Bank's digital solutions tailored to small businesses and micro-entrepreneurs.

## Threats

**Competition:** The Indian Fintech landscape is competitive with numerous players, including new start-ups and established banks. This competition could pose a challenge to the Bank in terms of customer retention and market share.

**Regulatory changes:** The regulatory environment for digital payments and financial services is evolving. Any new regulations could impose additional compliance costs or restrict certain lucrative operations, impacting profitability.

**Cybersecurity risks:** As digital transactions increase, so does the risk of cyber threats. Ensuring robust security measures and gaining customer trust in the safety of their transactions is critical but also costly.

**Economic downturns:** The decline in equity funding in the Fintech sector reflects vulnerability to economic downturns. Such financial instability can affect investment in new technologies and marketing efforts.

**Market saturation:** With the rapid expansion of digital payment solutions and services, there is a risk of market saturation. The Bank must continuously innovate and differentiate its offerings to stay ahead in the market.

## Business model

The Bank's strong foundation in technology was a key factor when it was established in 2017 to economically integrate the under-served population through banking services. This deep understanding of technology enabled the Bank to move away from the traditional brick-and-mortar distribution model in favour of a commission-based transaction model. At a time when most banks were trying to expand into rural India and using technology as a supportive tool, the Bank made technology the forefront of its strategy to serve rural areas. By leveraging its technology-first approach, the Bank was able to reduce costs, improve services, and enhance customer convenience. This strategy led to the creation of a unique physical and technological infrastructure, marking one of the earliest implementations of a 'phygital' model in India.

The Bank's asset-light business model makes prudent use of merchants acting as its representatives, fulfilling the banking and financial needs of their communities. This network is growing rapidly and comprised close to 18 Lakh merchants at the close of FY24.

The opportunity for the Bank extends beyond merely offering widespread access to bank accounts. Although bank account penetration in India is already comprehensive, the more significant

opportunity lies in encouraging daily banking activities within these customer segments, encapsulated in our slogan, **HarDinFino!** The data indicates that simply opening a bank account does not lead to regular 'banking behaviour' among the masses.

Financial institutions need to customise their products and services to cater to this segment of customers. The Bank has taken the initiative by making financial services accessible and affordable. The Bank is leveraging improved internet connectivity and increased smartphone usage throughout the country. With a more customised range of products and enhanced access, the Bank can effectively reach last-mile customers through efficient channels and a broader range of products.

The Bank launched the FinoPay mobile app-based digital savings account under its Fino 2.0 initiative, offering customers a smooth, paperless signup process complete with a personalised debit card and an instant upgrade option via Video KYC. The subscription model does away with minimum balance maintenance charges; remarkably, by the close of FY24, around 300,000 customers opened their savings accounts in just over a year of its introduction. The Bank recently introduced a premium product variant aimed at a customer segment with higher disposable income than its traditional base. Some of the unique features of this variant include unlimited free transactions, a special debit card, on-boarding benefits of up to ₹50,000 and priority service at call center.

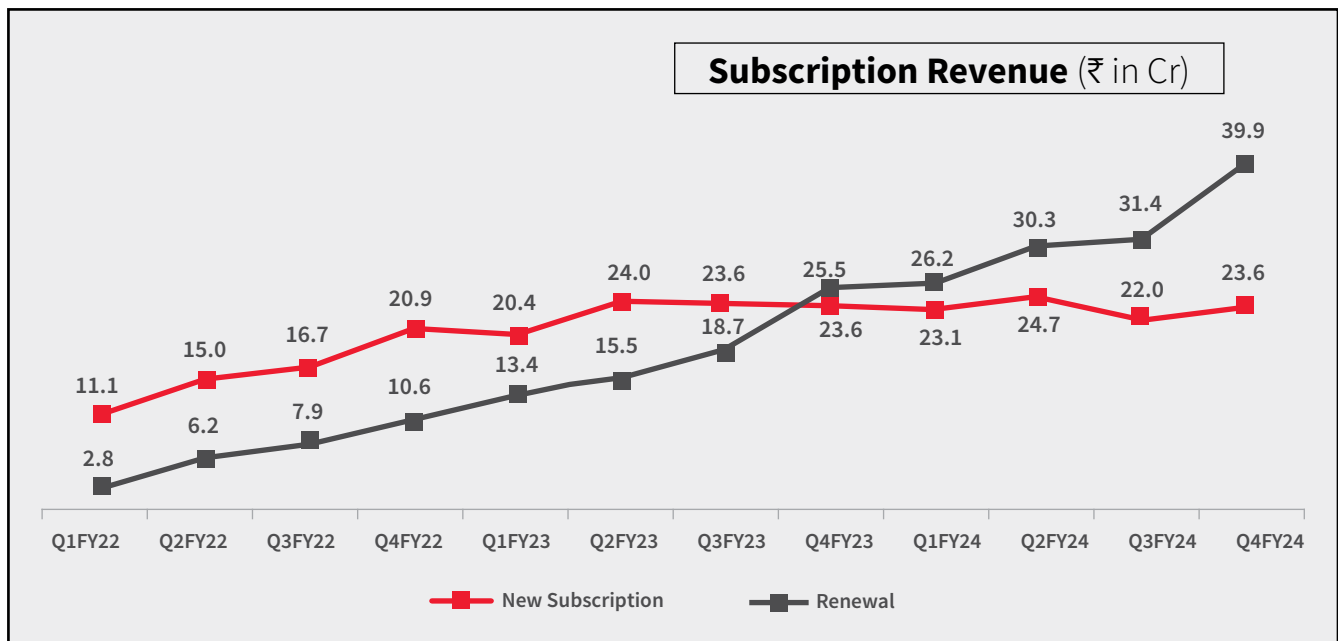
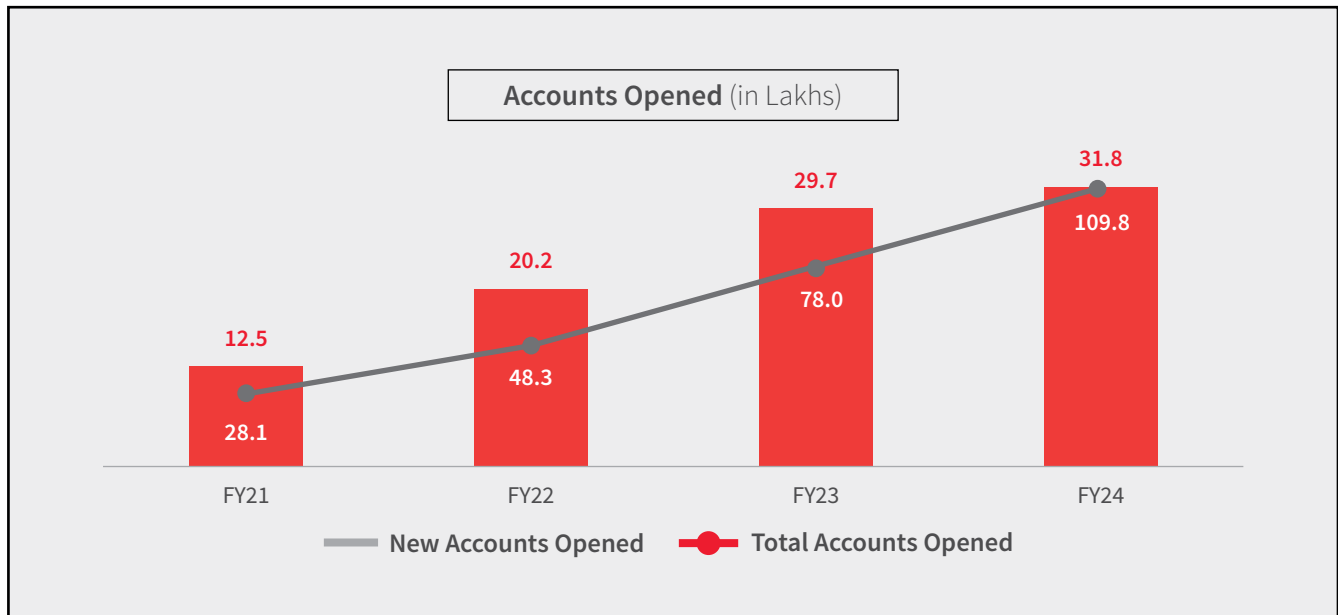
To strengthen its digital presence and improve customer engagement facilitating every day transactions and cross sell journeys, the Bank in FY24 introduced a few initiatives. A new website to increase traffic, extending FinoPay app on iOS (iPhone) platform in addition to Android and rewards program for increasing the usage of mobile app. The Bank also integrated 19 fintech partners into its digital payment ecosystem thereby foraying into Banking as a Service (BAAS) offering. Partners use the Bank's UPI platform to offer payment services to their merchants resulting in incremental transactions and overall contributing to the Bank's revenue.

The Bank's business model, which emphasises Distribution-Technology-Partnerships (DTP), plays a crucial role in mitigating risks. Over the recent years, the Bank has been successful in building a strong brand identity. The strength of the brand facilitates easy recognition and preference within the ecosystem. By enhancing the merchant's role as a local banker and promoting the Bank's motto of **#FikarNot**, the Bank is actively fostering a preference for its brand. **#Hamesha**

## Product wise performance

The segmental performance of the products of the Bank is as following:

**CASA:** Our commitment to customer ownership is deeply rooted in this critical business area. The **Hatho Hath Debit Card** and **Bharosa** product offerings, accessible at local Fino Merchant Points, are key to achieving this objective. Our involvement in government schemes like MNRGA also boosts our attractiveness to customers, positioning us as a preferred choice. In FY24, the number of new accounts opened was 31.8 lakh, bringing the total accounts to 109.8 lakh. Revenue from account renewals and new CASA subscriptions were ₹127.8 crore and ₹93.4 crore, respectively.



Consistent CASA sourcing and prioritising the acquisition of high-quality customers (many of whom transact using UPI) also boosts our subscription revenues (renewal of bank accounts and, consequently, ongoing relationships with the Bank). The deployment of advanced AI and ML ensemble models has been crucial in enhancing renewal rates. Most importantly, the investment in acquiring high-quality customers has yielded significant returns.

The analytical model for renewals has matured and is now effectively driving actions. Notably, the renewal rate has improved compared to the financial year 2022-2023.

**Micro ATMs and AePS:** A component of our transactional business is providing access to cash withdrawals, a fundamental banking

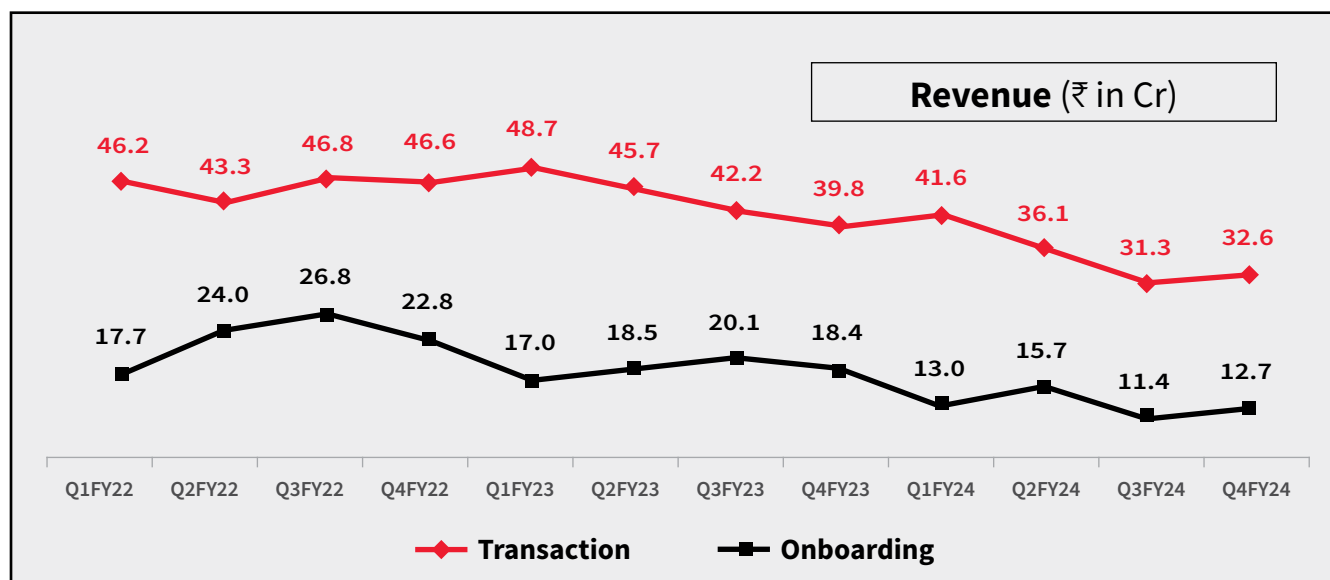
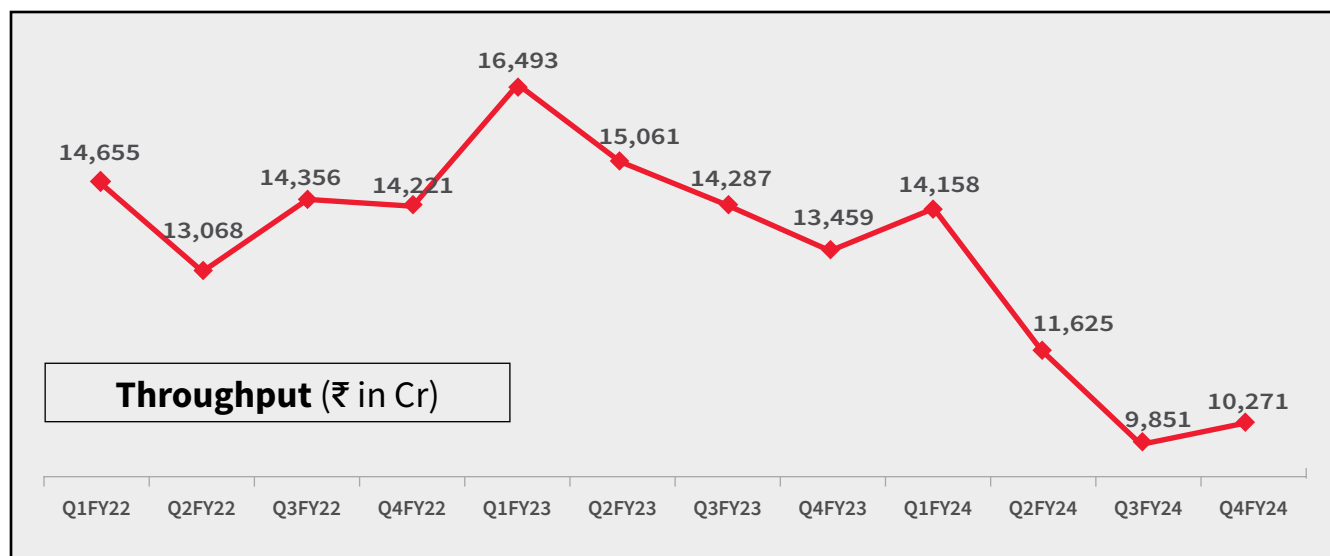
requirement. We currently offer this service in 94% of districts across the nation, often marking the customer's first interaction with our services.

The merchants pay a fee to acquire the device (onboarding fee), which enhances the durability of our relationships and positively influences our Profit and Loss Statement.

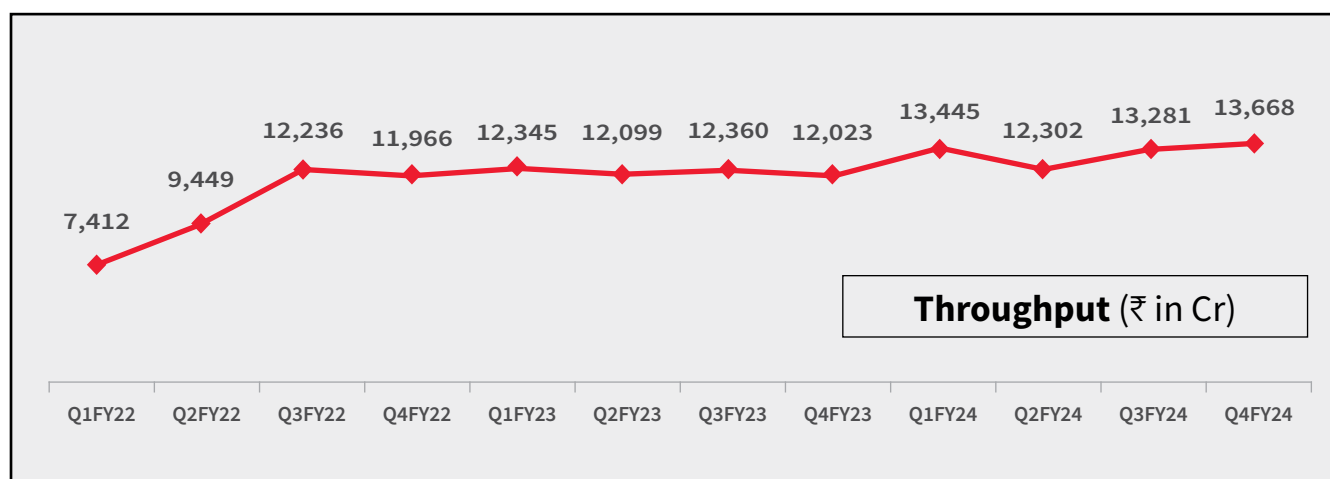
The ecosystem is experiencing a steady decrease in throughput, which is evident in our transaction volumes. This trend suggests a growing influence of digital payments, particularly UPI.

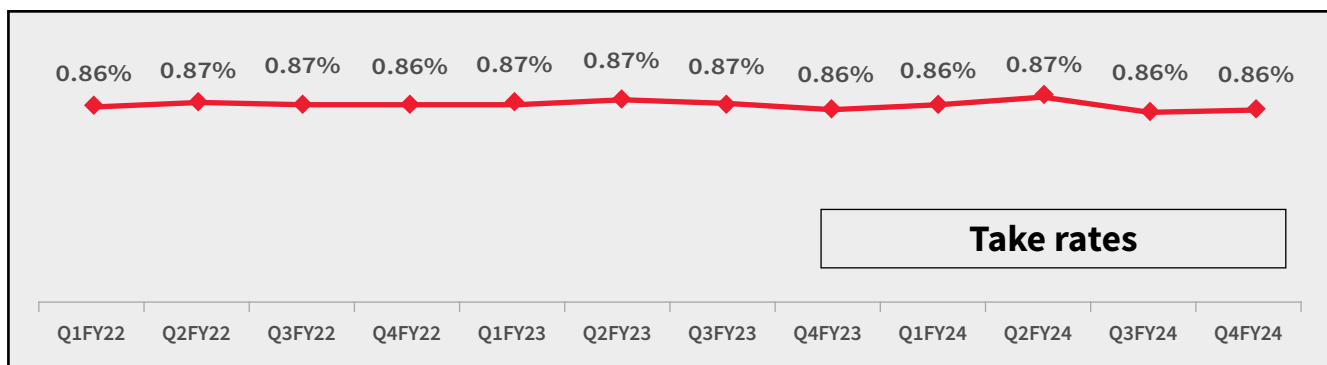
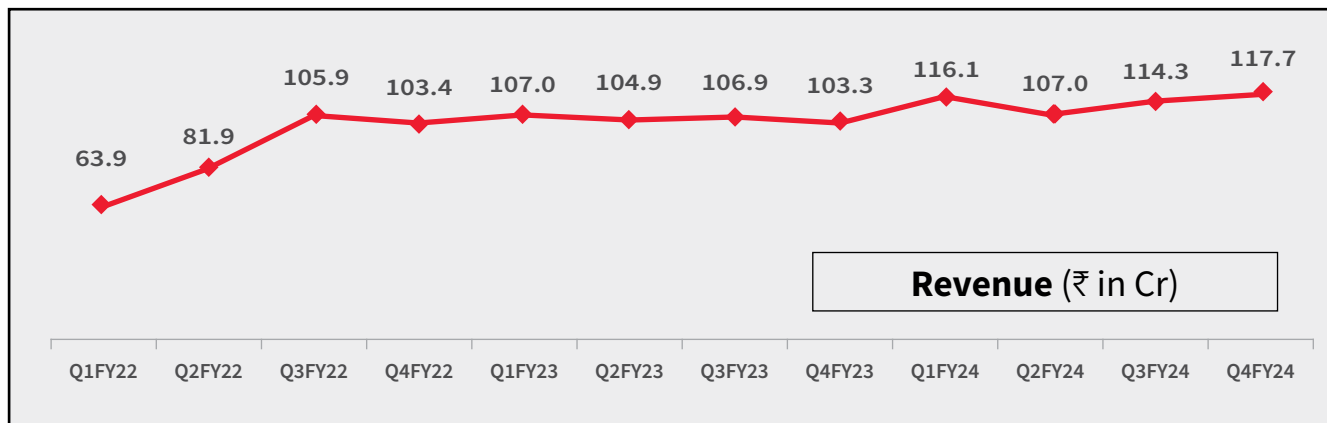
The Bank witnessed consistent take rates despite pressure from competition.

We see ~1% of all footfalls for MATM and AePS conversion to CASA.



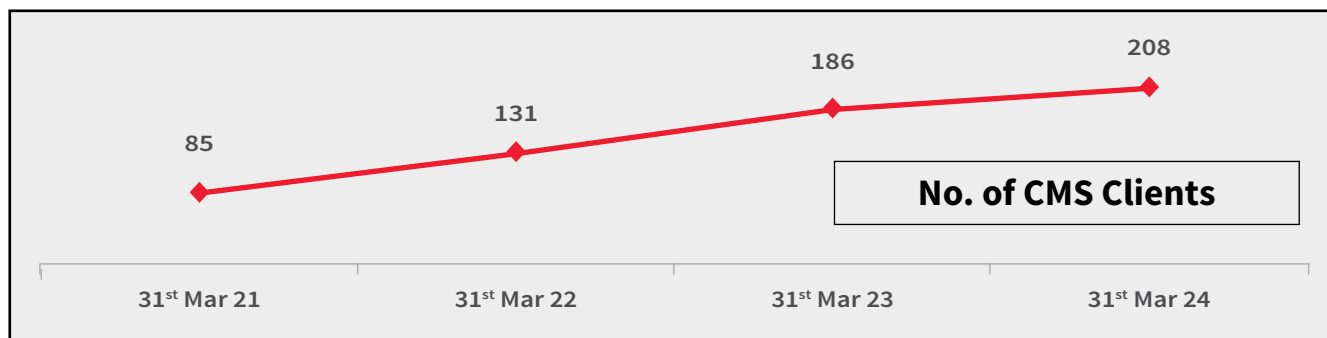
**Domestic Money Transfer (DMT):** This product was introduced with the launch of the Bank in 2017. It laid the foundation for the initial distribution (focused on remittance corridors e.g. South, Gujarat to Bihar).



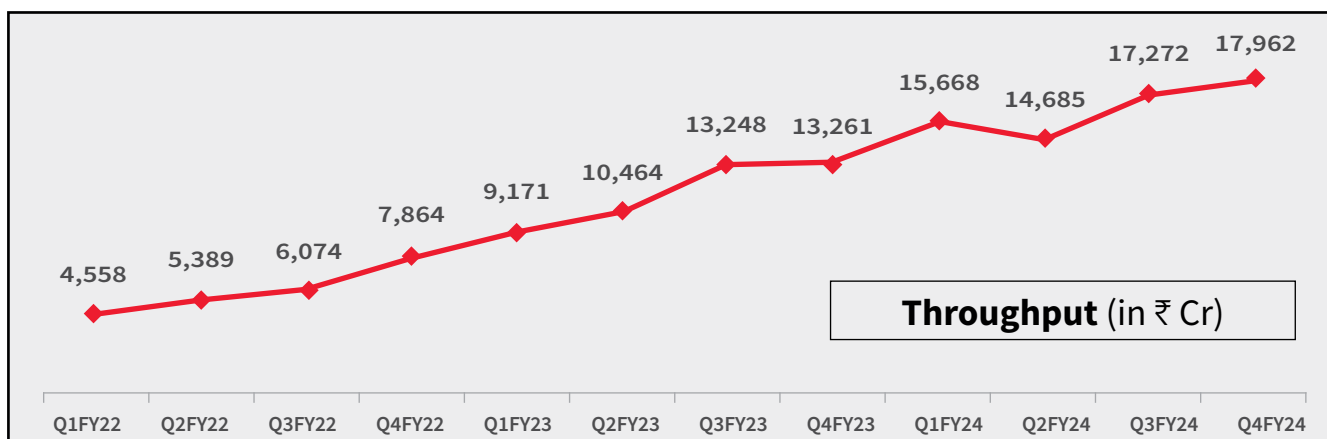


The take rates have remained steady in what is a fairly price-sensitive market.

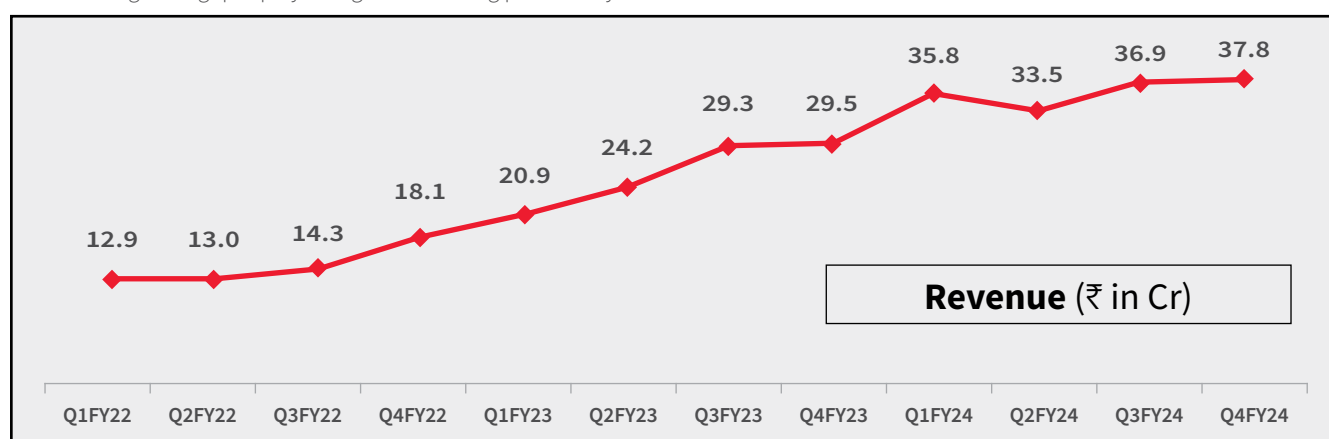
**Cash management services (CMS):** This segment of our business involves partnerships that ensure cash availability across the Bank's ecosystem, enabling consumer withdrawals.



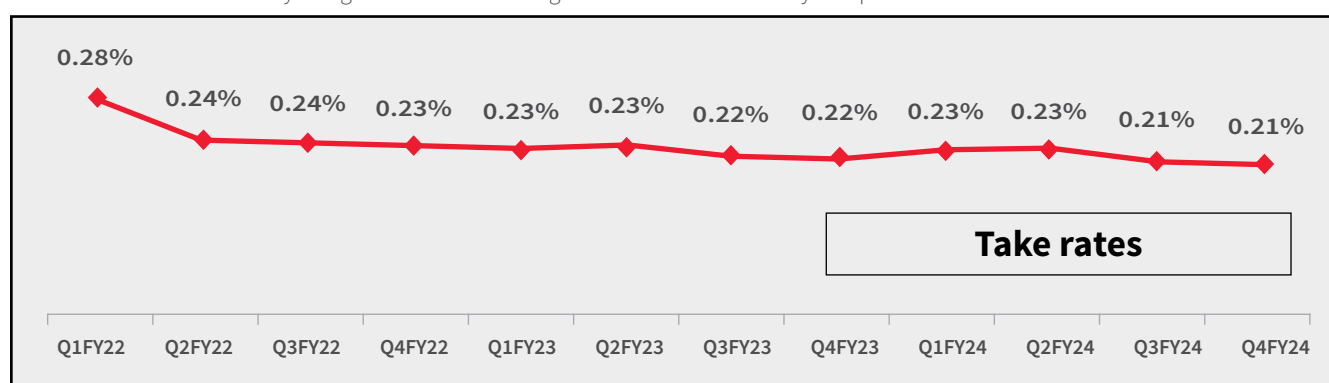
The Bank collaborated with 208 leading companies in India across sectors like NBFC, e-commerce, and logistics, helping them manage their cash risks. This strategy exemplifies an effective ecosystem play that benefits partners, merchant network, and consumers, creating win-win outcomes.



An increasing throughput plays a big role in driving profitability for the Bank.

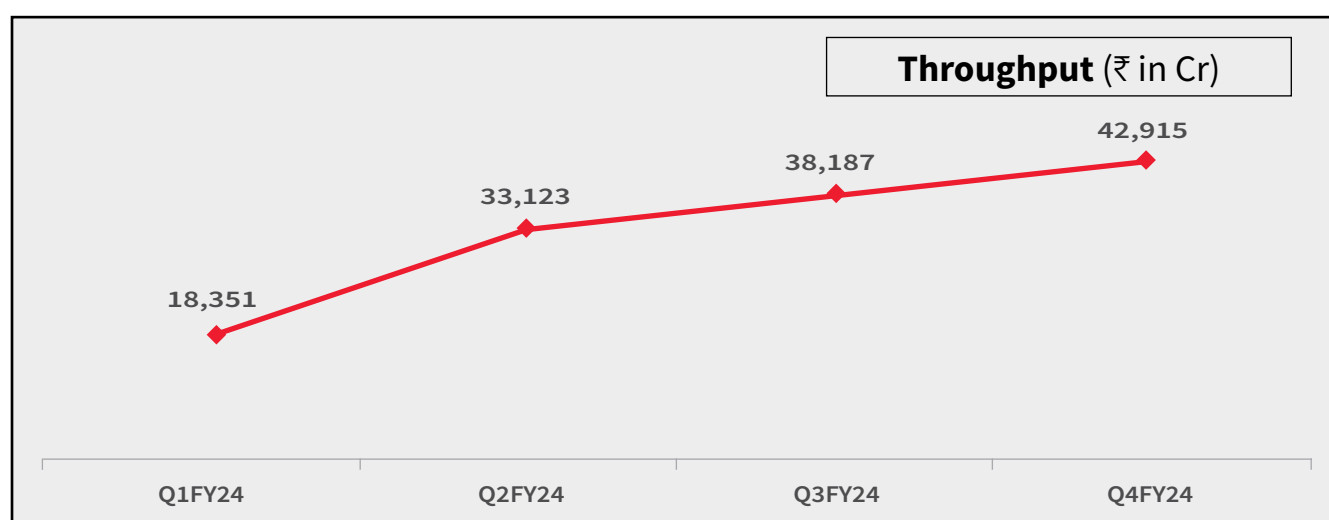


The revenue was consistently rising on the back of strong take rates in an extremely competitive market.



Margins remained steady at approximately 38%, allowing CMS to generate substantial net revenue. This was crucial as it maintained the momentum of the ecosystem. Additionally, the Bank provided services on behalf of other banks, which accounted for 10% of our total revenue.

**Digital Payment Services:** A new business vertical aimed at exploring UPI opportunities in the B2B space, leading to increased transactions and revenue. The Bank had already integrated 19 fintech partners with its digital payments ecosystem. The vertical contributed around 6% to the overall FY24 revenue.



## Outlook

The Bank's revenue increased by 20% year-on-year, reaching ₹1,478.4 Crore in FY24, supported by a 40.6% increase in the total transaction throughput value to ₹3,58,494.0 Crore during the year under review. Digital transactions significantly contributed to this growth, surging by 170.8% year-on-year and accounting for nearly 37.0% of the total throughput in FY24. Excluding digital transactions, the overall throughput grew by 9.6% year-on-year.

In FY24, the Bank processed 211 crore transactions, a 75% increase from FY23. Approximately 32 lakh Fino Bank current and savings accounts were opened during the year, nearly 7% more than the previous year. Merchant-enabled banking points reached almost 18 lakh as of 31<sup>st</sup> March, 2024, reflecting a 28% year-on-year increase.

The fastest-growing segments in FY24 were CASA and CMS, which together represented 31% of the total revenue. Within CASA, combined revenue from subscription and renewals grew by 33% year-on-year, while the renewal business alone expanded by an impressive 75%. The CMS segment saw a 42% year-on-year increase in throughput.

Looking ahead to FY25, the company anticipates continued growth in the CASA and CMS segments. The other mature businesses like DMT, Micro-ATM, and AEPS are expected to grow between 10-15%. Across the blended portfolio, we project growth rates of approximately 20-25%. Net revenue margins are expected to remain stable within the current range.

## Key financial ratios

Particulars	2023-24	2022-23
EBITDA/Turnover (%) (before exceptional items)	12.9%	11.1%
Return on equity (%)	14.7%	12.8%
Book value/share (₹)	77.3	66.4
Earnings per share (₹)	10.4	7.8
Operating profit margin (%)	5.9%	5.3%
Net profit margin (%)	5.8%	5.3%
Debt-equity ratio	1.13	0.80

## Risk and Mitigation

The Bank's ecosystem is built on a robust technological framework. This system simplifies banking for merchants and integrates various banking devices seamlessly into a mobile application, bringing about a significant revolution. Now, even customers in the remotest areas can quickly open bank accounts and withdraw cash, among other transactions.

Risk management functions within the Bank are divided on the basis of key risks typically faced by banks. This includes liquidity risk, interest rate risk, operational risk, cash management risk, information security, 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 ("RALM") Committee, and IT Strategy Committee (supervises the IT security and cyber risk) of the Board. Exceptions, deviations, losses and more, are monitored with the help of key risk indicators.

Risks	Description	Mitigation
Technology risk	Technology is inherently dynamic, and what may be a significant benefit today might easily become redundant tomorrow. This is due to the reliance of technology on multiple integrations, and the success of a transaction depending on a number moving parts. As a result, risks to technology acts as a significant threat to the Bank daily operations.	The Bank incorporated a Financial Risk Management (FRM) system and is monitoring transactions identifying any irregularities. This enables the Bank to take corrective action as needed, such as modifying applications or capping limits on transactions.
Cyber Security risk	The digital division of the Bank is susceptible to viruses and other threats, leaving the organisation vulnerable to attacks.	<p>To avoid vulnerability, the Bank implemented multiple layers of protection. Moreover, the Bank established protocols for the transmission of data and put security measures in place to protect data confidentiality and prevent leakage.</p> <p>The Bank through its internal processes/policies have built-in adequate checks and balances to prevent frauds, misappropriation, theft and embezzlement, among others. Exceptions are being handled promptly for the recovery of loss. The Bank ensures regulatory reporting within time-line besides update to operational risk management committee and RALM Committee.</p> <p>Increased investment in analytics and model building is helping us in identifying fraudulent transactions and aberrations, among others. We are thus able to initiate corrective actions.</p>



Risks	Description	Mitigation
Regulatory risk	As a payments bank, the Bank is required to comply with numerous regulations, laws, and standards. Failing to comply with these requirements could result in a loss of customers.	<p>The Bank established a specialised compliance team that continually monitors all relevant regulatory requirements and periodically presents its findings to the Board.</p> <p>The Bank, being a payments bank, is subject to stringent regulatory requirements and prudential norms including CRR, SLR, DDB, TNW and CAR, among others, 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.</p> <p>The Bank manages its financial outsourced vendors in line with regulatory guidelines forming part of the Bank's Outsourcing Policy. The Bank's Outsourcing Committee periodically reviews financial outsourced arrangements/vendors in a structured manner with appropriate reporting to RALM Committee. Every new engagement or renewal of an existing arrangement is subject to approval by the Outsourcing Committee.</p>
Competition risk	The Bank runs in an extremely competitive environment where customers and merchants have a variety of options to choose from.	To maintain its market leadership, the Bank is regularly striving to improve its platform and offer tailored services that cater to the needs of its customers and merchants.
Operational risk	As a payments bank, the Bank is responsible for managing cash within its branches and Customer Service Points (CSPs), while the responsibility of managing cash outside the Bank (such as Merchant BCs, Distributors, CMS, etc.) is in the hands of the merchants and distributors.	The Bank has implemented sufficient internal checks and balances in its policies and processes in order to prevent fraudulent activities, misappropriation, theft, embezzlement, and other financial crimes. In cases of exceptions, immediate action is taken to recover any losses, and the Bank ensures timely regulatory reporting as well as updates to the Operational Risk Management Committee and RALM Committee.

## Internal control systems

The Bank adheres to all applicable local regulatory standards to ensure the effective and efficient management of its business. It places great importance on establishing a strong internal control system as a cornerstone of effective corporate governance. The Bank has implemented internal controls that are appropriate for the size and nature of its operations. These controls are continuously monitored and updated as necessary to safeguard against loss or unauthorized use of assets. The Bank has also established an audit committee, which considers all internal factors and recommends corrective action when needed.

## Human resource

The Bank recognises that its employees are fundamental to the Bank's success and represent its most valuable asset. The Bank's ability to ensure smooth operations and secure its future is dependent on its human capital. With this in mind, The Bank's HR philosophy prioritises attracting and retaining diverse and highly

skilled talent by fostering a fulfilling, inclusive and supportive work environment that emphasizes professional development. To achieve this goal, the Bank provides competitive remuneration packages and implements best-in-class hiring, training, motivation, and performance assessment procedures. As a result of these practices, the Bank has been able to maintain an attrition rate that remains well below the industry average. As of March 31, 2024, the total number of employees in the Company was 2,682.

## Cautionary statement

Statement in the Management Discussion and Analysis describing the Bank objectives, projections, expectations and estimates regarding future performance may be 'forward-looking statements' and are based on the currently available information. The management believes these to be true to the best of its knowledge at the time of preparation of this report. However, these statements are subject to certain future events and uncertainties, which could cause actual results to differ materially from those, which may be indicated in such statements.

# 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 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 Bank's Corporate Governance philosophy has been strengthened through various policies and codes, which are regularly reviewed and updated to keep aligned with the applicable laws, rules & regulations.

The Bank's Board consists of eminent professionals having wide industry experience, diversified skills 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 long lasting value for all stakeholders.

Your Bank believes that Corporate Governance is also about what the Board does and how it establishes values of the Bank and drives the Bank's business with these principles. The Board strongly agrees that good governance is an imperative for operating as a global citizen. It extends beyond the day-to-day operational engagement of the Bank by full-time executives. The responsibilities of your Board thus include implementing the principles of Corporate Governance, setting the strategic aims, guiding the management with their leadership and reporting to shareholders on their stewardship. Together, the Management, the Board and Committees thereof ensure that Bank continues to remain with an uncompromised integrity, excellence and is driven towards responsible growth.

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, 2024 (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, as amended from time to time and the Articles of Association of the Bank (extant laws). During the year under review, the Board of the Bank had an optimum combination of Executive and Non-Executive Directors including Independent Directors and Women 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.

All directors of the Bank have submitted forms/declarations/undertakings/consent as required under the extant laws. Pursuant to review of the said forms/declarations/undertakings/consent as submitted by the directors of the Bank, the Nomination and Remuneration Committee (**"NRC"**) and the Board have confirmed that all the directors are in compliance with the applicable norms and are fit and proper to continue as directors of 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://web4.finobank.com/investors/corporate-governance#code-policies>

The composition of Board as on March 31, 2024 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. Rajat Kumar Jain<sup>1</sup></li> <li>Mrs. Deena Asit Mehta</li> <li>Mr. Rakesh Bhartia</li> <li>Mrs. Anita Sudhir Pai<sup>2</sup></li> <li>Mrs. Neeta Mukerji<sup>3</sup></li> </ul>
2.	Non-Executive Nominee Directors	<ul style="list-style-type: none"> <li>Mr. Pankaj Kumar (Nominee of Fino PayTech Limited)<sup>4</sup></li> <li>Mr. Prateek Roongta (Nominee of Fino PayTech Limited)</li> </ul>
3.	Executive Director	<ul style="list-style-type: none"> <li>Mr. Rishi Gupta (MD &amp; CEO)<sup>5</sup></li> </ul>

- Approval of the RBI is received on the appointment of Mr. Rajat Kumar Jain, Independent Director as Part-Time Chairperson of the Bank w.e.f. November 24, 2023.
- Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. January 11, 2024. Further members of the Bank passed a special resolution dated April 07, 2024 for appointment of Mrs. Anita Sudhir Pai as an Independent Director.
- Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. March 05, 2024. Further members of the Bank

*passed a special resolution dated May 25, 2024 for appointment of Mrs. Neeta Mukerji as an Independent Director.*

4. *Appointed as Nominee Director w.e.f. April 11, 2023. Further, the members of the Bank passed an ordinary resolution dated July 02, 2023 for appointment of Mr. Pankaj Kumar as a Nominee Director.*
5. *Re-appointed as a Managing Director & CEO of the Bank w.e.f. May 02, 2023.*

## CHANGES IN THE BOARD

In accordance with the provisions of the Act and rules made thereunder, SEBI Listing Regulations, RBI Regulations and other applicable laws, guidelines applicable to Payments Bank (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the provisions of Articles of Association of the Bank, during the year under review following changes took place in the composition of the Board of Directors of the Bank:

1. The Board vide circular resolution passed on April 11, 2023 approved the appointment of Mr. Pankaj Kumar as a Non-Executive Nominee Director of the Bank, subject to approval of Members. The Members approved his appointment by passing an ordinary resolution through postal ballot on July 02, 2023.
2. Approval of the Reserve Bank of India was received on April 29, 2023, for re-appointment of Mr. Rishi Gupta as a 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).
3. Approval of the Reserve Bank of India was received for appointment of Mr. Rajat Kumar Jain, Independent Director as a Part-time Chairperson of the Bank effective from November 24, 2023 till the conclusion of his tenure.
4. Mrs. Anita Sudhir Pai was appointed as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from January 11, 2024 up to January 10, 2029 (both days inclusive), subject to approval of the Members. The Members approved her appointment by passing a special resolution through postal ballot on April 07, 2024.
5. The Board vide its circular resolution passed on March 05, 2024 appointed Mrs. Neeta Mukerji as an Additional Director in the capacity of Independent Director of the Bank for a period of five consecutive years with effect from March 05, 2024 up to March 04, 2029 (both days inclusive), subject to approval of the Members. The Members approved her appointment by passing a special resolution through postal ballot on May 25, 2024.

## Re-appointment of Director retiring by rotation

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 Annual General Meeting (“AGM”) and being eligible, has offered himself for re-appointment. The resolution seeking the re-appointment of Mr. Rishi Gupta forms part of the Notice convening the ensuing 8<sup>th</sup> AGM.

## Cessation of Directors during the financial year 2023-24 and till the date of this report

Mr. Prakash Kulathu Iyer ceased to be Independent Director of the Bank w.e.f. June 30, 2023 upon his resignation from the Bank due to his other pre-occupations. Further, it has been confirmed by the said Director that there were no material reasons other than the mentioned hereinabove for his resignation.

Mr. Suresh Kumar Jain ceased to be Independent Director of the Bank w.e.f. January 15, 2024, upon completion of his tenure.

The Board acknowledges the invaluable contributions rendered by the outgoing directors during their tenure as Independent Directors on the Board of the Bank and places on record deep appreciation for their invaluable contribution/ guidance as Members of the Board.

Details of Directorships, Memberships and Chairpersonships of the Committees of other Companies of the Directors of the Bank as on March 31, 2024 are as follows:

Name of Director	Directorship on the Board of other Companies	Membership/ (Chairpersonship) of committees of other Companies@
Mr. Rajat Kumar Jain (DIN: 00046053)	5	2
Mrs. Deena Asit Mehta (DIN: 00168992)	5	3(3)
Mr. Rakesh Bhartia (DIN: 00877865)	6	2(2)
Mrs. Anita Sudhir Pai <sup>1</sup> (DIN: 07651059)	1	0
Mrs. Neeta Mukerji <sup>2</sup> (DIN: 00056010)	1	1
Mr. Suresh Kumar Jain <sup>3</sup> (DIN: 05103064)	3	2(1)
Mr. Prakash Kulathu Iyer <sup>4</sup> (DIN: 00529591)	0	0
Mr. Pankaj Kumar <sup>5</sup> (DIN: 07245781)	1	0
Mr. Prateek Roongta (DIN: 00622797)	6	3
Mr. Rishi Gupta (DIN: 01433190)	0	0

@The figures in brackets indicate chairpersonships.

1. *Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. January 11, 2024. Further members of the Bank passed a special resolution dated April 07, 2024 for appointment of Mrs. Anita Sudhir Pai as an Independent Director.*
2. *Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. March 05, 2024. Further members of the Bank passed a special resolution dated May 25, 2024 for appointment of Mrs. Neeta Mukerji as an Independent Director.*

3. Ceased to be Independent Director of the Bank w.e.f. January 15, 2024, upon completion of his tenure. The disclosures have been captured till the date of his association with the Bank.
4. Ceased to be Independent Director of the Bank w.e.f. June 30, 2023, upon his resignation. The disclosures have been captured till the date of his association with the Bank.
5. Appointed as Nominee Director w.e.f. April 11, 2023. Further, the members of the Bank passed an ordinary resolution dated July 02, 2023 for appointment of Mr. Pankaj Kumar as a Nominee Director.

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 Indian Institute of Corporate Affairs ("IICA").

## PROFILE OF BOARD OF DIRECTORS

The profile of the present Directors of the Bank as on date of this report are as under:

### Mr. Rajat Kumar Jain

Mr. Rajat Kumar Jain ("**Mr. Jain**") is Part-Time Chairperson & Independent Director of the Bank. An IIT Delhi and IIM Ahmedabad Alum, Mr. Jain is a Founder Director of PadUp Ventures, a Knowledge and Mentoring Platform, focusing on providing deep mentoring and incubation services to early stage tech companies as well as other incubators in India. The primary mission is to impact hundreds of early stage startups through proprietary PadUp programs, leading to improved rates of success and helping them grow successfully to the next level and to institutional funding.

After a 30 year career in Corporate India in leadership roles, Mr. Jain is now a Non-Executive Director on several Boards and Advisory Boards. Apart from this, his key work areas include mentoring entrepreneurs and executives alike as an angel investor & a startup mentor.

Having worked across Consumer, Telecom, Media & Technology sectors, he has acquired expertise in distribution, sales and commercial, understanding consumers and enterprises across

various spaces, building and working with teams and growing businesses that revolve around services & brands. He has also built multifunctional expertise, strong market and industry knowledge and an enviable industry network.

Mr. Jain was the Board member of Neva Garments Limited which is the small scale industry. Furthermore, Mr. Jain has significant experience in business management and human resource domain since he was Managing Director of Xerox India Limited and The Walt Disney Company of India.

As on March 31, 2024, Mr. Jain is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
Mahindra Holidays & Resorts India Limited (Independent Director)	Aditya Birla Finance Limited (Independent Director)

Mr. Jain does not hold any shares in the Bank as on March 31, 2024.

### Mrs. Deena Asit Mehta

Mrs. Deena Asit Mehta ("**Mrs. Mehta**") is an Independent Director of the Bank. Mrs. Mehta is a qualified Chartered Accountant, has a post graduate diploma in Securities Law and has done her Master of Management Studies, specializing in finance. Mrs. Mehta has been associated with several reforms in Capital Market including setting up of BOLT system at BSE, setting up Central Depository Service, Streaming of Clearing Corporation BOISL. She has been on BSE Board for 9 years and served as Vice President and President of the Exchange. Mrs. Mehta has served on several SEBI committees for past 21 years since SEBI's inception and contributed to various reforms undertaken by SEBI. Mrs. Mehta is a founder member of SAFE, Association of Stock Exchanges of SAARC countries.

Mrs. Mehta has delivered over 1,000 lectures at Investors' meets in about 300 districts of India and at Education Institutions including IIM, Ahmedabad and National Institute of Securities Market. Over 100 articles on various topics relating to Capital Market have been published by her in leading economic dailies as well as regional language papers. Several organisations have awarded Mrs. Mehta for her contribution to Capital Markets including Jaycees International as Outstanding Young Person, IMC for contribution to Banking and Finance, Zee Business for contribution to Capital Markets.

As on March 31, 2024, Mrs. 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 Non-Independent Director)	Reliance Asset Reconstruction Company Limited* (Independent Director)
Gandhar Oil Refinery (India) Limited (Independent Director)	Asit C Mehta Investment Intermediates Limited (Managing Director)

\*Resigned w.e.f. March 31, 2024

Mrs. Mehta does not hold any shares in the Bank as on March 31, 2024.

## Mr. Rakesh Bhartia

Mr. Rakesh Bhartia (**“Mr. Bhartia”**) is an Independent Director of the Bank. He is a Senior Advisor to a few large Indian business houses and is also on the board of multiple companies in diverse industries ranging from Digital Fintech to Clinical Research.

Mr. Bhartia was the CEO of India Glycols Limited (IGL) for 11 years until August, 2020. Prior to joining IGL, Mr. 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 Limited (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. Bhartia is also the Past President of Indian Chemical Council (ICC), the apex National industry body.

Mr. Bhartia, by qualification is a Chartered Accountant, Company Secretary and Cost Accountant.

As on March 31, 2024, Mr. 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)	Veeda Clinical Research Limited (Independent Director)

Mr. Bhartia does not hold any shares in the Bank as on March 31, 2024.

## Mrs. Anita Sudhir Pai

Mrs. Anita Sudhir Pai (**“Mrs. Pai”**) is an Independent Director of the Bank. Mrs. Pai, till recently, was a Senior Group President & COO with Yes Bank Limited. In this role she was responsible for Technology, Digital Banking and Operations – establishing a nimble operations set up backed by best in class technology and digital platforms to deliver superior customer service.

Her career of almost 33 years has been characterized by strategic thinking, focus on innovation, relentless execution and customer service. She has been an integral part of 2 extremely impactful start-ups and has contributed to building sustainable technology and scaling up back office operations to enable business growth.

Prior to Yes Bank, Mrs. Pai was with the ICICI Group for 21 years. She was with ICICI Bank Limited as Senior General Manager and Head – Branch Banking Service, ATM Business and Phone Banking. She was responsible for ensuring the right balance between customer self-service in the branches with personal service, driving cross sell in the branches and improving process effectiveness to ensure audit compliance.

Prior to this role from April 2012 until June 2018, Mrs. Pai was responsible for Global Operations of ICICI Bank including Treasury and Credit mid offices. This was a team of 7500 employees and included Trade and CMS Operations as well as Retail and Corporate Operations. Earlier she was heading Customer Service at ICICI Bank, including the Phone Banking Channel, Service Quality, Six Sigma Quality and Innovation.

Mrs. Pai was a founding member of ICICI Prudential Life Insurance Company Limited, and was with them from inception till March 2010. As Executive Vice President, reporting to the CEO & MD she was in charge of Customer Service, Operations, Technology and Infrastructure. She had overall responsibility for the entire backbone of the business, including underwriting, claims, operations, technology, customer service including the call centre and the Six Sigma quality initiative.

She began her career in 1990 with HDFC Limited, and worked in various divisions of the Company. She has also worked for a year with Standard Chartered Bank and then joined the ICICI group in 1998, where she initially set up the credit and operations function for ICICI Home Loans, part of the ICICI Group's foray into retail banking.

Mrs. Pai has a Masters of Business Administration degree from Symbiosis Institute of Business Management, Pune.

Mrs. Pai has been part of the Board of ICICI Home Loans Limited as a Director nominated by ICICI Bank.

As on March 31, 2024, Mrs. Pai is on the Board of the following public limited company(ies):

Other Listed Public Limited Companies	Other Public Limited Companies
-	360 One Asset Management Limited (Independent Director)

Mrs. Pai does not hold any shares in the Bank as on March 31, 2024.

## Mrs. Neeta Mukerji

Mrs. Neeta Mukerji (**“Mrs. Mukerji”**) is an Independent Director of the Bank. Mrs. Mukerji has Post Graduate Diploma in Management from Indian Institute of Management, Calcutta. She is a senior banker with over 30 years of experience in premier financial institutions like ICICI Bank, Asset Reconstruction Company of India Limited (ARCIL), GE Capital, RBL Bank and ACRE. She has wide ranging experience across banking with specific focus on credit, risk management and distressed debt. Her core expertise areas include setting up and managing risk management function, assessing credit risk and structuring complex financial transactions and resolution of distressed debt.

As on March 31, 2024, Mrs. Mukerji is on the Board of the following public limited company (ies):

Other Listed Public Limited Companies	Other Public Limited Companies
-	SREI Equipment Finance Limited (Independent Director)

Mrs. Mukerji does not hold any shares in the Bank as on March 31, 2024.

## Mr. Pankaj Kumar

Mr. Pankaj Kumar (**“Mr. Kumar”**) is a Nominee of Fino Paytech Limited on the Board of the Bank. He is a member of Institute of Chartered Accountants of India, and a Cost Accountant. He has a rich experience of working in various facets of finance like Business Finance, International Trade, Treasury Management,



Risk Management, Taxation, Global Upstream Oil & Gas etc. During his tenure spanning over more than 30 years, he has held various leadership positions including heading the finance for BPCL's key business units like Retail and Lubricants. Mr. Kumar has also been on the Board of various group companies of BPCL and made significant contributions in respect of International Project Financing and International Joint Venture Operations etc. Currently Mr. Kumar is the Head of Corporate Finance and Corporate Affairs at BPCL. As on March 31, 2024, Mr. Kumar is not a Director in any other public limited company and he does not hold any shares in the Bank.

### Mr. Prateek Roongta

Mr. Prateek Roongta (**"Mr. Roongta"**) is a Nominee of Fino Paytech Limited on the Board of Bank. He is a Managing Director in the Corporate Private Equity Group at Blackstone Advisors India Private Limited. He is primarily responsible for managing the performance and transformation of Blackstone portfolio companies in India. Before joining Blackstone, Mr. Roongta was a MD and Partner at Boston Consulting Group and has extensive experience of advising clients in the financial services industry across a wide range of topics including strategy, operations and digital transformation. Prior to that, Mr. Roongta worked at True North Advisors, a \$3 Bn Indian private equity fund. Mr. Roongta received a Post-Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad and is a qualified Chartered Accountant and Company Secretary.

As on March 31, 2024, Mr. Roongta is on the Board of the following public limited company (ies):

Other Listed Public Limited Companies	Other Public Limited Companies
-	Fino PayTech Limited (Nominee Director)
	Aadhar Housing Finance Limited (Nominee Director)
	ASK Investment Managers Limited (Nominee Director)

Mr. Roongta does not hold any shares in the Bank as on March 31, 2024.

### Mr. Rishi Gupta

Mr. Rishi Gupta (**"Mr. Gupta"**) is the Managing Director and CEO of the 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 one of the founders of Fino PayTech Limited, the Holding Company of Fino Payments Bank Limited and was appointed as COO and CFO on January 01, 2007 where he successfully helped the Group to build a robust business model with good governance and a cutting-edge operational & financial capabilities at Fino. Subsequently he became MD & CEO of Fino PayTech Limited

(till May 2017). He is also the founding member of the Business Correspondent Federation of India (BCFI) and served as the Chairman of its Economic Affairs Committee. He is a member of ASSOCHAM.

He has a rich 30 years of experience across industries (primarily in financial services). Mr. Gupta started his career with Maruti Udyog Limited and thereafter moved to ICICI Group. Post ICICI, he moved to International Finance Corporation (IFC) where he was also a part of Regional Office of IFC and handled Budget and Project Finance.

For 2011, 2012 and 2013, three years in stretch Mr. Gupta has been awarded "CFO100 Roll of Honor" - an effort to recognize the top 100 senior finance professionals in India, who have made a difference with their acumen, attitude and energy. In 2014, he also got India CFO Award for excellence in Finance -one start up by IMA. In 2018, he got the award for "CA Entrepreneur-Path Breaker - Banking & Financial Services" by Institute of Chartered Accountants of India (ICAI).

Mr. Gupta is not a Director in any other public limited company. As on March 31, 2024, 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.

## ATTENDANCE OF DIRECTORS AT BOARD MEETINGS & LAST ANNUAL GENERAL MEETING

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 specific 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 Board Members 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 Officials are 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, nine (09) Board Meetings were held. The Meetings were held on April 20, 2023, May 02, 2023, July 20, 2023, July 28, 2023, August 11, 2023, November 01, 2023, January 11, 2024, January 31, 2024 and March 08, 2024 which was continued on March 09, 2024.

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, HR, Customer Service 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 was 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 previous AGM held on September 25, 2023
<b>Independent Director</b>		
Mr. Rajat Kumar Jain	9/9	Present
Mrs. Deena Asit Mehta	9/9	Present
Mr. Rakesh Bhartia	9/9	Present
Mrs. Anita Sudhir Pai <sup>1</sup>	2/2	NA
Mrs. Neeta Mukerji <sup>2</sup>	1/1	NA
Mr. Suresh Kumar Jain <sup>3</sup>	7/7	Present
Mr. Prakash Kulathu Iyer <sup>4</sup>	2/2	NA
<b>Non-Executive (Nominee Director)</b>		
Mr. Prateek Roongta	9/9	Absent
Mr. Pankaj Kumar <sup>5</sup>	7/9	Present
<b>Executive Director</b>		
Mr. Rishi Gupta	9/9	Present

1. Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. January 11, 2024. Further members of the Bank passed a special resolution dated April 07, 2024 for appointment of Mrs. Anita Sudhir Pai as an Independent Director.
2. Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. March 05, 2024. Further members of the Bank passed a special resolution dated May 25, 2024 for appointment of Mrs. Neeta Mukerji as an Independent Director.
3. Ceased to be Independent Director of the Bank w.e.f. January 15, 2024.
4. Ceased to be Independent Director of the Bank w.e.f. June 30, 2023.
5. Appointed as Nominee Director w.e.f. April 11, 2023. Further, the members of the Bank passed an ordinary resolution dated July 02, 2023 for appointment of Mr. Pankaj Kumar as a Nominee Director.

## BOARD MEMBERS DEVELOPMENT

### Induction of new Board Members

All new Board Members inducted to the Board are introduced to the Bank's culture through orientation sessions. Executive Director and Senior Officials of the Bank provide an overview of operations and familiarize them on matters related to the Bank's values and commitments. They are also introduced to the organization structure, operations, services, group structure, constitution, Board procedures, digital journey, sales and distribution strategy and people management. The details of the familiarization programme

is available on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

### Annual Strategic Meet

The Board Members are familiarized through various engagements such as Strategy Retreat in which the Bank organizes an Annual Strategic Meeting for the Board Members to deliberate on the various topics related to strategic budget & planning, progress of ongoing initiatives/projects, governance, etc. to achieve the Bank's long-term objectives.

This provides the Board Members a platform to bring their expertise to various strategic initiatives, while also giving an opportunity for them to understand detailed aspects of execution and challenges relating to the specific theme. Through this process, Members of the Board get a comprehensive and balanced perspective on the strategic issues faced by the Bank, the competitive differentiation being pursued by the Bank, an overview of the execution plan and interact closely with the Senior Management of the Bank.

### Training Sessions

During the year under review, various training sessions were organized for the Board Members, which inter-alia covered the topics related to the corporate governance, Generative Artificial Intelligence & risk management and overview of the fintech functions.

### Information to Board Members

The Board has unrestricted access to all Bank related information. At Board meetings management who can provide additional insights into the items being discussed are invited as an invitee in the meetings. Information is provided to the Board Members on a continuous basis for their review, inputs and approval. Strategic and operational plans are presented to the Board.

As a process, information to Board Members is submitted along with the agenda well in advance of the meetings. Inputs and feedback of Board members are taken and considered while preparing the agenda and documents for the meetings. At these meetings, Board members can provide their inputs and suggestions on various strategic and operational matters.

## PERFORMANCE EVALUATION

The Bank has carried out the performance evaluation of the Board, Committees of the Board, Part-Time Chairperson, individual Directors and Managing Director & CEO for financial year 2023-24 internally. A questionnaire for the evaluation of the Board, its Committees, Part-Time Chairperson 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, Chairperson, individual Directors and Managing

Director & CEO were placed before the NRC for its consideration. The Independent Directors at their separate meeting also 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 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. Rajat Kumar Jain	Part-Time Chairperson & Independent Director	Business Management, Consumer, Telecom, Media & Information Technology.
Mrs. Deena Asit Mehta	Independent Director	Accountancy, Economics, Finance, Law & Risk Management.
Mr. Rakesh Bhartia	Independent Director	Investment & General Management, Finance, Accountancy, Corporate Banking, extensive exposure to Risk Mitigation & Management, Strategic & Corporate Restructuring.
Mrs. Anita Sudhir Pai	Independent Director	Customer Service, Operations, Information Technology & Infrastructure, Digital.
Mrs. Neeta Mukerji	Independent Director	Finance, Risk Management, Credit Management.
Mr. Pankaj Kumar	Nominee Director	Business Finance, International Trade, Finance, Accountancy, Treasury Management, Risk Management, Taxation, International Project Financing, International Joint Venture Operations.
Mr. Prateek Roongta	Nominee Director	Private Equity, Strategy, Accountancy, Operations, Digital Transformation, Economics, Finance and Law.
Mr. Rishi Gupta	Managing Director & CEO	Business Management, Payment Settlement, Banking, Accountancy, Economics and Finance.

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

## REMUNERATION AND SELECTION CRITERIA FOR DIRECTORS

### Remuneration/ Compensation 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/Compensation Policy for Directors and employees of the Bank in terms of the provisions of the Act, 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 November 04, 2019. This Remuneration / Compensation Policy inter-alia contains guidelines relating to compensation structure consisting of sitting fees, commission (as applicable) and fixed remuneration for Independent Directors, Fixed pay, variable pay, employee stock options, compensation revision cycle and framework regarding malus/clawback to executive directors and employees of the Bank.

The Remuneration/Compensation policy is available on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>

The remuneration paid to all the employees/MD & CEO/ Independent Directors of the Bank, for financial year 2023-24 were in accordance with the aforesaid Remuneration/Compensation Policy of the Bank.

### Remuneration of Managing Director & CEO

The details of the remuneration of Mr. Rishi Gupta, Managing Director & CEO for the financial year 2022-23 are as under:

(₹ in crore)	
Break-up of the Remuneration	F.Y. 2022-23
Salary	1.14
Provident Fund	0.08
LTA	0.09
Free furnishing	0.16
Free use of Bank's car	0.26
Hard furnishing	0.15
Utilities	0.04
Education allowance	0.10
<b>Total Fixed Pay (including perquisites) (A)</b>	<b>2.02</b>
Variable Pay-Cash	0.18
Variable Pay-Non Cash Share Linked (deferred over the period of three years as per the vesting schedule of the options)	2.49
<b>Total Variable Pay (B)</b>	<b>2.67</b>
<b>Total (A+B)</b>	<b>4.69</b>

Note: As per the Bank's Policy, the Gratuity amount 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 financial year 2023-24, 3,20,950 (Three Lakhs Twenty Thousand Nine Hundred and Fifty) stock options were granted to Mr. Rishi Gupta.

### 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 ₹1,00,000 per Board meeting and ₹75,000 per Committee meeting to Independent Directors. No stock options are granted to any of the Non-Executive Director.

The Board of Directors had approved the payment of compensation to each Non-Executive Independent Director of the Bank (except Part Time Chairperson) by way of fixed remuneration up to ₹10,00,000 (Rupees Ten Lakh Only) per annum w.e.f. financial year 2023-24 till financial year 2024-25 and up to ₹15,00,000 (Rupees Fifteen Lakh Only) per annum to Part Time Chairperson w.e.f. November 24, 2023 till financial year 2024-25, subject to approval of the shareholders of the Bank. The Shareholders approved the same on April 07, 2024 through postal ballot. Fixed Remuneration shall be in addition to the sitting fees and reimbursement of out of pocket expenses given to them for attending Committee and Board meetings.

The details of sitting fees and fixed remuneration paid to Independent Directors for the financial year 2023-24 are as follows:

Name of Director	Fixed Remuneration (Amt in ₹)	Sitting fees (Amt in ₹)
Mr. Rajat Kumar Jain <sup>1</sup>	11,76,230	26,25,000
Mrs. Deena Asit Mehta	10,00,000	23,25,000
Mr. Rakesh Bhartia	10,00,000	29,25,000
Mrs. Anita Sudhir Pai <sup>2</sup>	2,21,311	3,50,000
Mrs. Neeta Mukerji <sup>3</sup>	73,770	1,00,000
Mr. Suresh Kumar Jain <sup>4</sup>	7,92,350	21,25,000
Mr. Prakash Kulathu Iyer <sup>5</sup>	2,48,634	5,75,000

- Existing Independent Director, appointed as a Part-time Chairperson of the Bank w.e.f. November 24, 2023.
- Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. January 11, 2024. Further members of the Bank passed a special resolution dated April 07, 2024 for appointment of Mrs. Anita Sudhir Pai as an Independent Director.
- Appointed as an Additional Director in the capacity of Independent Director of the Bank w.e.f. March 05, 2024. Further members of the Bank passed a special resolution dated May 25, 2024 for appointment of Mrs. Neeta Mukerji as an Independent Director.
- Ceased to be Independent Director of the Bank w.e.f. January 15, 2024.
- Ceased to be Independent Director of the Bank w.e.f. June 30, 2023.

The Bank does not pay any remuneration to Nominee Directors.

Further, there were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Bank (except banking

transactions in the ordinary course of business and on arm's length basis) during financial year 2023-24, if any.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to Regulation 25 of SEBI Listing Regulations, the Board has framed a policy to familiarize the Independent Directors about the business and functioning of the Bank and their roles, rights, responsibilities in the Bank, nature of the industry in which the Bank operates and business model of the Bank through various programmes.

The Board of Directors has access to the information within the Bank. Presentations are made regularly to the Board and Committees to familiarize the Independent Directors, where Directors get an opportunity to interact with senior management members of the Bank. Presentations at the Board and Committee Meetings, inter-alia, cover competition and business strategies, operations, management structure, HR Policy, management development, quarterly and annual results, budgets, review of internal audit, risk management framework, compliance, environmental, health & safety and regulatory updates etc. Such presentations help the Independent Directors to understand the Bank's strategy, business

models, operations, market, competition, organization structure, risk analysis and any such other areas. The details pertaining to familiarization program of Independent Directors is available on the Bank's website at <https://web4.finobank.com/investors/corporate-governance#code-policies>.

## 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/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 financial year 2023-24, wherein the Board had not accepted recommendations made by any Committees of the Board.

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

### Audit Committee

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> </ol>
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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;
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;
15. Review of IS Audit Policy, Internal Audit Policy, Audit Manual and Audit Charter;
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;
17. Review of the bank's financial management policies;
18. Penalties imposed / penal action taken against bank under various laws and statutes and action taken for corrective measures;
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;
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:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
21. To review with management the adequacy of the internal control systems including the structure of the internal audit department;
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;
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;
 

**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.
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;

	<p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>36. Carrying out any other function as 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</p> <p>37. Reviewing adequacy of insurance policies taken by Management to cover risks/ transfer risk exposures.</p>														
Composition (including changes during the year and upto date of this report)	<p>Mrs. Deena Asit Mehta, Chairperson</p> <p>Mrs. Anita Sudhir Pai (inducted w.e.f. January 21, 2024)</p> <p>Mrs. Neeta Mukerji (inducted w.e.f. April 10, 2024)</p> <p>Mr. Pankaj Kumar (inducted w.e.f. July 24, 2023)</p> <p>Mr. Suresh Kumar Jain (ceased w.e.f. January 15, 2024)</p> <p>Mr. Prakash Kulathu Iyer (ceased w.e.f. June 30, 2023)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>														
Meetings	The Committee met six (6) times during the financial year under review on May 02, 2023, July 28, 2023, September 13, 2023, September 20, 2023, November 01, 2023 and January 31, 2024.														
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mrs. Deena Asit Mehta, Chairperson</td><td>6/6</td></tr> <tr> <td>Mrs. Anita Sudhir Pai</td><td>1/1</td></tr> <tr> <td>Mrs. Neeta Mukerji</td><td>NA</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>5/5</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>5/5</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>1/1</td></tr> </tbody> </table>	Name	No. of meetings attended	Mrs. Deena Asit Mehta, Chairperson	6/6	Mrs. Anita Sudhir Pai	1/1	Mrs. Neeta Mukerji	NA	Mr. Pankaj Kumar	5/5	Mr. Suresh Kumar Jain	5/5	Mr. Prakash Kulathu Iyer	1/1
Name	No. of meetings attended														
Mrs. Deena Asit Mehta, Chairperson	6/6														
Mrs. Anita Sudhir Pai	1/1														
Mrs. Neeta Mukerji	NA														
Mr. Pankaj Kumar	5/5														
Mr. Suresh Kumar Jain	5/5														
Mr. Prakash Kulathu Iyer	1/1														

## 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> </ol>
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8. To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, material risk takers and other employees.
9. To monitor and review various HR related matters such as plans, policies reports etc. from time to time.
10. 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.
11. 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.
12. 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.
13. 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.
14. Keep abreast of external remuneration trends and market conditions.
15. 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.
16. 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.
17. 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:
  - (a) administering the Fino Payments Bank Limited - Employees Stock Option Policy issued from time to time (the "ESOP Plan");
  - (b) determining the eligibility of employees to participate under the ESOP Plan;
  - (c) determining the number of options to be granted to employees;
  - (d) determining the exercise price under the ESOP Plan; and
  - (e) 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.
18. The Nomination and Remuneration Committee, while formulating the remuneration policy, should ensure that:
  - (a) 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;
  - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - (c) 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.
19. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - (i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
  - (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
20. 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.

Composition (including changes during the year and upto date of this report)	Mr. Rakesh Bhartia, Chairperson (inducted as a member w.e.f. December 09, 2022 and designated as Chairperson w.e.f. July 24, 2023) Mr. Rajat Kumar Jain Mrs. Deena Asit Mehta (inducted w.e.f. April 10, 2024) Mr. Prateek Roongta Mr. Prakash Kulathu Iyer (ceased w.e.f. June 30, 2023) Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.												
Meetings	The Committee met eight (8) times during the financial year under review on April 29, 2023, July 27, 2023, August 09, 2023, October 31, 2023, December 13, 2023, January 11, 2024, January 30, 2024 and March 04, 2024.												
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rakesh Bhartia, Chairperson</td><td>8/8</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>8/8</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>NA</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>7/8</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>1/1</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rakesh Bhartia, Chairperson	8/8	Mr. Rajat Kumar Jain	8/8	Mrs. Deena Asit Mehta	NA	Mr. Prateek Roongta	7/8	Mr. Prakash Kulathu Iyer	1/1
Name	No. of meetings attended												
Mr. Rakesh Bhartia, Chairperson	8/8												
Mr. Rajat Kumar Jain	8/8												
Mrs. Deena Asit Mehta	NA												
Mr. Prateek Roongta	7/8												
Mr. Prakash Kulathu Iyer	1/1												

## 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;</li> </ol>
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	<p>15. 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); and</p> <p>16. To review the voting results on the shareholders resolution passed through postal ballot or in general meeting including any advisory issued by the Proxy Advisors Firms.</p>												
Composition (including changes during the year and upto date of this report)	<p>Mr. Rakesh Bhartia, Chairperson</p> <p>Mrs. Neeta Mukerji (inducted w.e.f. April 10, 2024)</p> <p>Mr. Pankaj Kumar (inducted w.e.f. July 24, 2023)</p> <p>Mr. Rishi Gupta</p> <p>Mr. Suresh Kumar Jain (ceased w.e.f. January 15, 2024)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>												
Meetings	The Committee met three (3) times during the financial year under review on April 29, 2023, October 31, 2023 and January 30, 2024.												
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rakesh Bhartia, Chairperson</td><td>3/3</td></tr> <tr> <td>Mrs. Neeta Mukerji</td><td>NA</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>2/2</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>3/3</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>2/2</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rakesh Bhartia, Chairperson	3/3	Mrs. Neeta Mukerji	NA	Mr. Pankaj Kumar	2/2	Mr. Rishi Gupta	3/3	Mr. Suresh Kumar Jain	2/2
Name	No. of meetings attended												
Mr. Rakesh Bhartia, Chairperson	3/3												
Mrs. Neeta Mukerji	NA												
Mr. Pankaj Kumar	2/2												
Mr. Rishi Gupta	3/3												
Mr. Suresh Kumar Jain	2/2												

## Risk & Asset Liability Management Committee

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> </ol>
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	<ol style="list-style-type: none"> <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>																		
Composition (including changes during the year and upto date of this report)	<p>Mrs. Neeta Mukerji, Chairperson (inducted w.e.f. April 10, 2024)</p> <p>Mrs. Deena Asit Mehta</p> <p>Mr. Rakesh Bhartia (inducted w.e.f. July 24, 2023)</p> <p>Mr. Prateek Roongta</p> <p>Mr. Rishi Gupta</p> <p>Mrs. Anita Sudhir Pai (inducted w.e.f. January 21, 2024 and ceased w.e.f. April 10, 2024)</p> <p>Mr. Suresh Kumar Jain (ceased w.e.f. January 15, 2024)</p> <p>Mr. Prakash Kulathu Iyer (ceased w.e.f. June 30, 2023)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>																		
Meetings	The Committee met four (4) times during the financial year under review on April 29, 2023, July 27, 2023, October 31, 2023 and January 30, 2024.																		
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mrs. Neeta Mukerji, Chairperson</td><td>NA</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>4/4</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>3/3</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>3/4</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>4/4</td></tr> <tr> <td>Mrs. Anita Sudhir Pai</td><td>1/1</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>3/3</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>1/1</td></tr> </tbody> </table>	Name	No. of meetings attended	Mrs. Neeta Mukerji, Chairperson	NA	Mrs. Deena Asit Mehta	4/4	Mr. Rakesh Bhartia	3/3	Mr. Prateek Roongta	3/4	Mr. Rishi Gupta	4/4	Mrs. Anita Sudhir Pai	1/1	Mr. Suresh Kumar Jain	3/3	Mr. Prakash Kulathu Iyer	1/1
Name	No. of meetings attended																		
Mrs. Neeta Mukerji, Chairperson	NA																		
Mrs. Deena Asit Mehta	4/4																		
Mr. Rakesh Bhartia	3/3																		
Mr. Prateek Roongta	3/4																		
Mr. Rishi Gupta	4/4																		
Mrs. Anita Sudhir Pai	1/1																		
Mr. Suresh Kumar Jain	3/3																		
Mr. Prakash Kulathu Iyer	1/1																		

## 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> </ol>
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	7. Formulate and approve Fair Practices Code to customers																
Composition (including changes during the year and upto date of this report)	<p>Mr. Rishi Gupta, Chairperson</p> <p>Mr. Rakesh Bhartia (ceased w.e.f. July 24, 2023. Further re-inducted w.e.f. April 10, 2024)</p> <p>Mrs. Anita Sudhir Pai (inducted w.e.f. April 10, 2024)</p> <p>Mrs. Neeta Mukerji (inducted w.e.f. April 10, 2024)</p> <p>Mr. Pankaj Kumar (inducted w.e.f. July 24, 2023)</p> <p>Mr. Rajat Kumar Jain (ceased w.e.f. April 10, 2024)</p> <p>Mr. Suresh Kumar Jain (inducted w.e.f. July 24, 2023 and ceased w.e.f. January 15, 2024)</p> <p>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 financial year under review on April 29, 2023 and October 31, 2023.																
Attendance	<table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rishi Gupta, Chairperson</td><td>2/2</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>1/1</td></tr> <tr> <td>Mrs. Anita Sudhir Pai</td><td>NA</td></tr> <tr> <td>Mrs. Neeta Mukerji</td><td>NA</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>1/1</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>2/2</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>1/1</td></tr> </table>	Name	No. of meetings attended	Mr. Rishi Gupta, Chairperson	2/2	Mr. Rakesh Bhartia	1/1	Mrs. Anita Sudhir Pai	NA	Mrs. Neeta Mukerji	NA	Mr. Pankaj Kumar	1/1	Mr. Rajat Kumar Jain	2/2	Mr. Suresh Kumar Jain	1/1
Name	No. of meetings attended																
Mr. Rishi Gupta, Chairperson	2/2																
Mr. Rakesh Bhartia	1/1																
Mrs. Anita Sudhir Pai	NA																
Mrs. Neeta Mukerji	NA																
Mr. Pankaj Kumar	1/1																
Mr. Rajat Kumar Jain	2/2																
Mr. Suresh Kumar Jain	1/1																

## Corporate Social Responsibility Committee

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)	Mr. Rishi Gupta, Chairperson Mr. Rakesh Bhartia Mrs. Neeta Mukerji (inducted w.e.f. April 10, 2024) Mr. Pankaj Kumar (inducted w.e.f. April 10, 2024) Mrs. Deena Asit Mehta (ceased w.e.f. April 10, 2024) Mr. Prakash Kulathu Iyer (ceased w.e.f. June 30, 2023) Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.														
Meetings	The Committee met two (2) times during the financial year under review on April 29, 2023 and October 31, 2023.														
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rishi Gupta, Chairperson</td><td>2/2</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>2/2</td></tr> <tr> <td>Mrs. Neeta Mukerji</td><td>NA</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>NA</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>2/2</td></tr> <tr> <td>Mr. Prakash Kulathu Iyer</td><td>1/1</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rishi Gupta, Chairperson	2/2	Mr. Rakesh Bhartia	2/2	Mrs. Neeta Mukerji	NA	Mr. Pankaj Kumar	NA	Mrs. Deena Asit Mehta	2/2	Mr. Prakash Kulathu Iyer	1/1
Name	No. of meetings attended														
Mr. Rishi Gupta, Chairperson	2/2														
Mr. Rakesh Bhartia	2/2														
Mrs. Neeta Mukerji	NA														
Mr. Pankaj Kumar	NA														
Mrs. Deena Asit Mehta	2/2														
Mr. Prakash Kulathu Iyer	1/1														

## IT Strategy Committee

Terms of Reference	<p>IT Strategy Committee is authorised to perform the following functions:</p> <ol style="list-style-type: none"> <li>1. Approving IT strategy and policy documents ;</li> <li>2. Ensuring that the management has put an effective strategic planning process in place;</li> <li>3. Ratifying that the business strategy is indeed aligned with IT strategy ;</li> <li>4. Ensuring that the IT Organizational structure complements the business model and its direction ;</li> <li>5. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business ;</li> <li>6. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;</li> <li>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 ;</li> <li>8. Ensuring proper balance of IT investments for sustaining bank's growth ;</li> <li>9. Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks ;</li> <li>10. Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks) ;</li> <li>11. Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT ;</li> <li>12. Reviewing IT performance measurement and contribution of IT to businesses (i.e. delivering the promised value);</li> <li>13. Approve and review the IT infrastructure sharing arrangements with other entities including the holding company/ associates;</li> <li>14. To review information security system in the Bank and the Status of implementation of regulatory instructions on Information Security and also overview observation, comments and suggestions provided through various regulatory audit, inspections and due diligence conducted by relevant authorities; and</li> <li>15. To monitor utilization of proceeds raised through IPO towards IT and Digital.</li> </ol>
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Composition (including changes during the year and upto date of this report)	<p>Mrs. Anita Sudhir Pai, Chairperson (inducted w.e.f. April 10, 2024)</p> <p>Mrs. Deena Asit Mehta</p> <p>Mr. Rajat Kumar Jain (ceased as a Chairperson w.e.f. April 10, 2024)</p> <p>Mr. Prateek Roongta</p> <p>Mr. Rishi Gupta</p> <p>Mr. Rakesh Bhartia (ceased w.e.f. April 10, 2024)</p> <p>Mr. Pankaj Kumar (inducted w.e.f. July 24, 2023 and ceased w.e.f. July 28, 2023)</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>																
Meetings	The Committee met six (6) times during the financial year under review on April 20, 2023, April 29, 2023, July 27, 2023, October 31, 2023, January 23, 2024 and March 08, 2024.																
Attendance	<table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mrs. Anita Sudhir Pai, Chairperson</td><td>NA</td></tr> <tr> <td>Mrs. Deena Asit Mehta</td><td>5/6</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>6/6</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>5/6</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>6/6</td></tr> <tr> <td>Mr. Rakesh Bhartia</td><td>6/6</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>1/1</td></tr> </table>	Name	No. of meetings attended	Mrs. Anita Sudhir Pai, Chairperson	NA	Mrs. Deena Asit Mehta	5/6	Mr. Rajat Kumar Jain	6/6	Mr. Prateek Roongta	5/6	Mr. Rishi Gupta	6/6	Mr. Rakesh Bhartia	6/6	Mr. Pankaj Kumar	1/1
Name	No. of meetings attended																
Mrs. Anita Sudhir Pai, Chairperson	NA																
Mrs. Deena Asit Mehta	5/6																
Mr. Rajat Kumar Jain	6/6																
Mr. Prateek Roongta	5/6																
Mr. Rishi Gupta	6/6																
Mr. Rakesh Bhartia	6/6																
Mr. Pankaj Kumar	1/1																

### 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>
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Composition (including changes during the year and upto date of this report)	Mr. Rajat Kumar Jain, Chairperson Mrs. Anita Sudhir Pai (inducted w.e.f. January 21, 2024) Mr. Rishi Gupta Mr. Suresh Kumar Jain (ceased w.e.f. January 15, 2024) Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.										
Meetings	The Committee met four (4) times during the financial year under review on April 27, 2023, July 20, 2023, October 20, 2023 and January 15, 2024.										
Attendance	<table border="1"> <thead> <tr> <th>Name</th><th>No. of meetings attended</th></tr> </thead> <tbody> <tr> <td>Mr. Rajat Kumar Jain, Chairperson</td><td>4/4</td></tr> <tr> <td>Mrs. Anita Sudhir Pai</td><td>NA</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>4/4</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>4/4</td></tr> </tbody> </table>	Name	No. of meetings attended	Mr. Rajat Kumar Jain, Chairperson	4/4	Mrs. Anita Sudhir Pai	NA	Mr. Rishi Gupta	4/4	Mr. Suresh Kumar Jain	4/4
Name	No. of meetings attended										
Mr. Rajat Kumar Jain, Chairperson	4/4										
Mrs. Anita Sudhir Pai	NA										
Mr. Rishi Gupta	4/4										
Mr. Suresh Kumar Jain	4/4										

## Strategic Investment Committee

Terms of Reference	<p>The main responsibilities of the Committee is as follows:</p> <ol style="list-style-type: none"> <li>To review and recommend to the Board any strategic investments (not being in normal course of business) in accordance with the Investment Policy of the Bank; and</li> <li>To review and recommend changes in the Bank's Investment Policy for the Board's approval pertaining to the strategic investments.</li> </ol> <p>The scope and functions of the Committee are set out below:</p> <ol style="list-style-type: none"> <li>Review and recommend to the Board any proposed strategic investments (which are not in the normal course of business) by way of acquisition of equity shares, preference shares, debentures, warrants, bonds etc. including their funding requirements, if any.</li> <li>Review and recommend the long term/ strategic investment strategy/plan to meet the investment objectives/value enhancement of the Bank, monitor the long term performance of the investment portfolio against the investment objective, ensuring compliance with the Investment Policy to the extent applicable and monitor the liquidity to ensure that the spending commitments can be met.</li> <li>Steering and guiding the management on leveraging the right opportunity for long term investment for strategic long term benefit of the Bank.</li> <li>To review and recommend the Bank's Investment Policy for the Board's approval pertaining to the Strategic Plans.</li> <li>Review, including emerging risks and opportunities, market outlook (i.e. market study and market analysis), economic indicators, currency market, industry/regulatory developments as well as key business developments, which may affect the investment portfolio, the investment strategy and financial health. Any required changes to the investment portfolio and the investment strategy shall be tabled to the Board for approval.</li> <li>To evaluate scenario analysis prepared by management and consultant based on the projected future expense/ liability projections including any expected strategic investments requiring distributions from the reserves, the operational risk and disaster risk scenarios and resulting projected cash needs and the portfolio characteristics (expected return, volatility, risk factor analysis, etc.) of potential asset allocations.</li> </ol>
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	<ol style="list-style-type: none"> <li>Obtain independent professional advice, as deemed necessary, to assist the Committee or any individual member of the Committee in the proper discharge of its roles, responsibilities and duties, at the expense of the Bank and in accordance with the authority delegated to the Committee.</li> <li>To acquire the resources from internal and external professionals, as it deems necessary, to assist the Committee in the proper discharge of its roles and responsibilities, at the expense of the Bank.</li> <li>To prepare and maintain minutes or other records of Committee meetings.</li> </ol>										
Composition (including changes during the year and upto date of this report)	<p>Mr. Rajat Kumar Jain, Chairperson</p> <p>Mr. Prateek Roongta</p> <p>Mr. Pankaj Kumar (inducted w.e.f. April 10, 2024)</p> <p>Mr. Rishi Gupta</p> <p>Mr. Basavraj Loni, Company Secretary of the Bank, acts as the Secretary of the Committee.</p>										
Meetings	The Committee met one (1) time during the financial year under review on January 30, 2024.										
Attendance	<table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rajat Kumar Jain, Chairperson</td><td>1/1</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>1/1</td></tr> <tr> <td>Mr. Pankaj Kumar</td><td>NA</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>1/1</td></tr> </table>	Name	No. of meetings attended	Mr. Rajat Kumar Jain, Chairperson	1/1	Mr. Prateek Roongta	1/1	Mr. Pankaj Kumar	NA	Mr. Rishi Gupta	1/1
Name	No. of meetings attended										
Mr. Rajat Kumar Jain, Chairperson	1/1										
Mr. Prateek Roongta	1/1										
Mr. Pankaj Kumar	NA										
Mr. Rishi Gupta	1/1										

Note: The Strategic Investment Committee of the Bank was constituted by the Board on July 24, 2023.

## Business & Corporate Restructuring Committee

Terms of Reference	<p><b>The scope and functions of the Committee with respect to corporate restructuring are set out below:</b></p> <ol style="list-style-type: none"> <li>To evaluate the implications and other considerations of the referral received from Fino PayTech Limited, Holding Company regarding group corporate restructuring and progress as per the mandate received from the Board.</li> <li>To evaluate all potential options and avenues of the group corporate restructuring including merger/amalgamation or any other possible means and recommend the same to the Board for its consideration and approval.</li> <li>To assess the options presented by management/ external consultant / advisers for group corporate restructuring in a manner that it leads to enhancement in stakeholders' value and recommend the same to the Board for its consideration and approval.</li> <li>To evaluate, identify and appoint key intermediaries such as advisors, lawyers, registered valuers, consultant and merchant bankers etc. and to approve the deliverables and their fees, commissions, brokerage, remuneration, reimbursement of expenses or any other expenses as may be required in connection with the group corporate restructuring.</li> <li>To evaluate implications and other considerations of the group corporate restructuring proposal in a manner that it enhances the governance and transparency amongst all stakeholders and ensures fairness and independence of the process and ensures that no stakeholder's interest is prejudiced and once it deems fit, recommend the group corporate restructuring including merger/amalgamation to the Board for its consideration and approval.</li> <li>To assess, supervise and submit to the Board at regular intervals for its consideration and approval the manner, timelines and other terms &amp; conditions of the group corporate restructuring activities and the progress made in this regard.</li> <li>To invite such members of the management team as well as experts, as may be required to attain the above stated objectives of the Committee.</li> </ol>
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8. To submit the draft scheme of arrangement pursuant to group corporate restructuring to the Board for its consideration and approval.
9. Subject to the approval of the Board to the scheme of arrangement in respect of group corporate restructuring:
  - i. To take such steps as may be necessary for group corporate restructuring namely filing of necessary scheme/ application/ documents to Stock Exchanges, SEBI, RBI, NCLT, MCA as required under Companies Act, 2013 and applicable rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), RBI guidelines and/or any other applicable law(s).
  - ii. To seek clarifications, obtain approvals/ no objection, seek exemptions from Stock Exchanges, RBI, SEBI, NCLT, Registrar of Companies or any other governmental or statutory authorities as may be required in connection with the group corporate restructuring and submit to the Board for its consideration and approval of 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.
  - iii. To authorise any of the officers of the Bank to represent the Bank before any regulators/authority such as Stock Exchanges, RBI, NCLT, RoC, RD, SEBI etc. and to provide necessary clarification, settle any question or difficulty that may arise as and when required.
  - iv. To provide strategic guidance in obtaining approval from such other authorities and parties including lenders, financial institutions, creditors as may be considered necessary in the group restructuring proposal.
10. Subject to the approval of the Scheme by relevant regulatory and governmental authorities and subject to the approval of shareholders;
  - a. To review all the terms and conditions and the structure of the Equity Shares and recommend the said terms and conditions to the Board for its consideration and approval and to settle any question, difficulty or doubts that may arise with regard to the offer, issue and allotment of the Equity Shares, subject, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions and / or sanctions which may be necessary.
  - b. To open a Demat Suspense/ Escrow Account with a Depository in relation to shares allotted pursuant to group corporate restructuring and to authorise one or more officers of the Bank to sign all documents required in this connection.
  - c. To apply to Stock Exchanges for obtaining of in-principle approval and filing of requisite documents with the Registrar of Companies.
  - d. To allot the Equity Shares, in one or more tranches pursuant to group corporate restructuring scheme approved by the Board of Directors.
  - e. To issue allotment letters/ confirmation of allotment notes in respect of the equity shares allotted pursuant to group corporate restructuring scheme and to authorise one or more officers of the Bank to sign all or any of the afore-stated documents.
  - f. To make applications for listing of the Equity Shares with BSE Limited and National Stock Exchange of India Limited 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 approval including entering into listing agreements and affixing the common seal of the Bank wherever necessary.
  - g. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case may be, agreements and / or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection.

**The scope and functions of the Committee with respect to transition into a small finance bank are set out below:**

1. To evaluate business, strategic and implementation plan prepared by management and/or consultants for the transition of the Bank into a small finance bank.
2. To review the process being followed including the preparation of the application to Reserve Bank of India ("RBI") and the business plan therein.

	<ol style="list-style-type: none"> <li>To review, finalise and approve the application to RBI for transition of the Bank into small finance bank and update to the Board from time to time.</li> <li>To oversee and supervise the regulatory process and provide strategic guidance in obtaining approval from regulators including all relevant authorities and other third parties such as lenders, financial institutions, creditors as may be considered necessary.</li> <li>To oversee various aspects that may be required for the transition of the bank into a small finance bank, including matters related to hiring of senior level positions, compliance requirements for a small finance bank, administrative measures, etc. from time to time.</li> <li>To oversee and supervise the identification and appointment of various intermediaries such as advisors, lawyers, consultants and other professional etc., as may be necessary and reach out to the key stakeholders/advisor/consultant for their assistance and thereafter update to the Board of Directors from time to time.</li> <li>To obtain independent professional advice, as deemed necessary to assist the Committee in the proper discharge of its roles, responsibilities and duties in accordance with the authority delegated to the Committee.</li> <li>To oversee the process of engagement and representation of the Bank with the RBI or such other authorities and to provide necessary clarification, settle any question or difficulty that may arise as and when required.</li> <li>To do all further acts, deeds, matters and things as may be considered necessary, proper or expedient in exercising the above duties and for matters connected therewith or incidental thereto.</li> </ol>														
Composition (including changes during the year and upto date of this report)	<p>Mr. Rakesh Bhartia, Chairperson</p> <p>Mr. Rajat Kumar Jain (inducted w.e.f. April 10, 2024)</p> <p>Mrs. Neeta Mukerji (inducted w.e.f. April 10, 2024)</p> <p>Mr. Prateek Roongta</p> <p>Mr. Rishi Gupta (inducted w.e.f. November 01, 2023)</p> <p>Mr. Suresh Kumar Jain (ceased w.e.f. January 15, 2024)</p> <p>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 financial year under review on October 09, 2023 and November 10, 2023.														
Attendance	<table> <tr> <th>Name</th><th>No. of meetings attended</th></tr> <tr> <td>Mr. Rakesh Bhartia, Chairperson</td><td>2/2</td></tr> <tr> <td>Mr. Rajat Kumar Jain</td><td>NA</td></tr> <tr> <td>Mrs. Neeta Mukerji</td><td>NA</td></tr> <tr> <td>Mr. Prateek Roongta</td><td>2/2</td></tr> <tr> <td>Mr. Rishi Gupta</td><td>1/1</td></tr> <tr> <td>Mr. Suresh Kumar Jain</td><td>2/2</td></tr> </table>	Name	No. of meetings attended	Mr. Rakesh Bhartia, Chairperson	2/2	Mr. Rajat Kumar Jain	NA	Mrs. Neeta Mukerji	NA	Mr. Prateek Roongta	2/2	Mr. Rishi Gupta	1/1	Mr. Suresh Kumar Jain	2/2
Name	No. of meetings attended														
Mr. Rakesh Bhartia, Chairperson	2/2														
Mr. Rajat Kumar Jain	NA														
Mrs. Neeta Mukerji	NA														
Mr. Prateek Roongta	2/2														
Mr. Rishi Gupta	1/1														
Mr. Suresh Kumar Jain	2/2														

Note: The Business & Corporate Restructuring Committee of the Bank was constituted by the Board on July 28, 2023.

## MEETING OF THE INDEPENDENT DIRECTORS

As per the requirement of the Section 149(8) read with Schedule IV of the Act and Regulation 25 of SEBI Listing Regulations, a meeting of the Independent Directors of the Bank is required to be held once a year in absence of non-independent directors.

During the FY 2023-24, the Independent Directors of the Bank met on April 14, 2023 and October 12, 2023 without the attendance of Non-Independent Directors and members of the management, at which they discussed & reviewed, including but not limited to below matters:

- Action taken report of previous meeting of Independent Directors.
- Performance of Non-Independent Directors, the Board of Directors as a whole, Part-Time Chairperson of the Bank.
- The quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors.
- Independent Directors development Programme.
- Role and approach of Independent Directors with respect to intended corporate restructuring of the Bank, transitioning of the Bank into Small Finance Bank and preparedness of the Bank for the same.
- Performance of the Bank and Material Risk Takers.
- Matters related to issuance of stock options to employees.

## DIRECTORS AND OFFICERS INSURANCE

The Bank has an appropriate 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 ("**PIT Code**"), with a view to regulate trading in securities by the Board and Designated 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://web4.finobank.com/investors/corporate-governance#code-policies>.

## 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
2020-21*	Held through Video-Conferencing deemed to be convened 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.
2021-22*	Held through Video-Conferencing deemed to be convened at the Registered office of the Bank	Thursday, September 29, 2022 at 12:00 Noon	1 (One)	Approval of the appointment of Mr. Rakesh Bhartia (DIN: 00877865) as an Independent Director of the Bank.
2022-23*	Held through Video-Conferencing deemed to be convened at the Registered office of the Bank	Monday, September 25, 2023 at 12:00 Noon	2 (two)	<ol style="list-style-type: none"> <li>Approval of 'Fino Payments Bank Limited-Employees Stock Option Policy, 2023'.</li> <li>Approval for the extension of the benefits of Fino Payments Bank Limited-Employees Stock Option Policy, 2023 ("ESOP-2023") to the employees of Holding Company.</li> </ol>

\*The Ministry of Corporate Affairs vide General Circular No. 14/ 2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 02/2022 dated May 05, 2022, 10/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 (collectively referred as "MCA Circulars") and the Securities and Exchange Board of India ("SEBI") vide Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/ CMD2/ CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/PoD-2/P/ CIR/2023/4 dated January 05, 2023 and SEBI/HO/CFD/CFDPoD- 2/P/CIR/2023/167 dated October 07, 2023 (collectively referred as "SEBI Circulars") has permitted companies to hold Annual General Meetings through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the Members at a common venue.

## 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 MCA for holding general meetings/conducting Postal Ballot process through e-voting vide General Circular No.

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, 20/2021 dated December 8, 2021, 3/2022 dated May 5, 2022, 11/2022 dated December 28, 2022 and 09/2023 dated September 25, 2023 respectively, (collectively the '**MCA Circulars**'), the Bank had proposed to pass the necessary resolutions for the year under review through Postal Ballot as per the said guidelines, MCA Circulars and provisions of the Act. 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 Bank.

Accordingly, the Postal Ballot procedure for Postal Ballots were carried out as per the above provisions and the Members were required to communicate their assent or dissent through the E-Voting system.

The Bank published a notice in the newspaper informing the details of completion of dispatch of the Postal Ballot Notice and other details.

The Bank had engaged the services of National Securities Depository Limited (“NSDL”) for providing e-voting facility to its members. Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off

date mentioned in the respective Postal Ballot Notice, subject to the provisions of the Banking Regulation Act, 1949, as amended from time to time and RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 dated January 16, 2023. The communication of the assent or dissent of the members took place through the process of remote e-voting only, in accordance with the SEBI Circular on e-voting facility provided by Listed Entities.

### Postal Ballot during financial year 2023-24

The Bank sought approval of the Members of the Bank by way of remote electronic voting, as applicable 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 Act, along with the guidelines, notifications issued by the MCA and in light of circulars issued by the MCA and SEBI:

Sr. No.	Resolution	Type of Resolution	Votes in favour of the resolution		Votes against the resolution	
			No. of votes	% of votes	No. of votes	% of votes
Postal Ballot Notice dated May 22, 2023 (passed on July 02, 2023)						
1.	To approve the payment of profit related commission to Non- Executive Independent Directors of the Bank	Ordinary	3,06,22,661	99.93	20,768	0.07
2.	To approve the appointment of Mr. Pankaj Kumar (DIN: 07245781) as Non-Executive - Nominee Director on the Board of the Bank	Ordinary	2,59,90,739	97.97	5,38,525	2.03
Postal Ballot Notice dated February 26, 2024 (passed on April 07, 2024)						
3.	To approve the payment of remuneration to Mr. Rishi Gupta, Managing Director & CEO (“M.D. & CEO”) (DIN: 01433190) of the Bank for the FY 2022-23	Special	3,04,32,755	99.98	5,868	0.02
4.	To approve the appointment of Mrs. Anita Sudhir Pai (DIN: 07651059) as an Independent Director of the Bank	Special	3,04,34,800	99.99	3,733	0.01
5.	To approve the payment of fixed remuneration to Non-Executive Independent Directors of the Bank (excluding Part-time Chairperson)	Ordinary	3,04,32,089	99.98	6,283	0.02
6.	To approve the payment of fixed remuneration to the Part-time Chairperson of the Bank	Ordinary	3,04,31,828	99.98	6,665	0.02

The Board of Directors of the Bank had appointed Mr. Tribhuwneshwar Kaushik and in his absence, Mr. Savyasachi Joshi of M/s. Kaushik Joshi & Co., Practising Company Secretaries, as the Scrutinizer, for scrutinising all the Postal Ballot process in a fair and transparent manner. All votes received up to 5:00 p.m. of Postal Ballot e-voting process ending date were considered for scrutiny.

Further, the Bank had also initiated a Postal Ballot process vide Postal Ballot Notice dated May 22, 2023 for seeking approval of Members for sr. no. 1 & 2 i.e. to approve the payment of profit related commission to Non- Executive Independent Directors of the Bank and to approve the appointment of Mr. Pankaj Kumar (DIN: 07245781) as Non-Executive - Nominee Director on the Board of the Bank. The results of the same were announced on July 03, 2023 and the ordinary resolutions at sr. no. 1 & 2 have been passed with requisite majority.

Further, the Bank had also initiated a Postal Ballot process vide Postal Ballot Notice dated February 26, 2024 for seeking approval of Members for sr. no. 3 to 6 i.e. to approve the payment of remuneration to Mr. Rishi Gupta, Managing Director & CEO ("M.D. & CEO") (DIN: 01433190) of the Bank for the FY 2022-23, to approve the appointment of Mrs. Anita Sudhir Pai (DIN: 07651059) as an Independent Director of the Bank, to approve the payment of fixed remuneration to Non-Executive Independent Directors of the Bank (excluding Part-time Chairperson) and to approve the payment of fixed remuneration to the Part-time Chairperson of the Bank. The results of the same were announced on April 08, 2024 and the special/ordinary resolutions, as the case may be, at sr. no. 3 to 6 have been passed with requisite majority.

## MEANS OF COMMUNICATION

- Financial Results:** The Bank has submitted financial results to the stock exchanges within forty five days from the end of the quarter and the audited annual/financial 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 <https://web4.finobank.com/investors/quarterly-results>.
- Investors/analysts Meets:** The Bank 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 <https://web4.finobank.com/investors/quarterly-results> and <https://web4.finobank.com/investors/investor-analysts-meet-disclosures>

- Investor Presentation:** The investor presentations are uploaded on the website of stock exchanges and also available on the Bank's website at <https://web4.finobank.com/investors/investor-analysts-meet-disclosures>.
- Press/Media releases:** Official press/media releases are uploaded on the website of stock exchanges and also available on the Bank's website at <https://web4.finobank.com/investors/quarterly-results>.
- Compliance reports, corporate announcements, material information and updates:** The 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

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

**Day and Date:** Wednesday, September 25, 2024

**Time:** 12:00 Noon

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

**Dividend Payment Date:** Not Applicable

### Financial Calendar

Financial Year	April 01 to March 31
<b>For the financial year 2023-24</b>	
First Quarter	July 28, 2023
Half Year/Second Quarter	November 01, 2023
Third Quarter	January 31, 2024
Annual	April 30, 2024
<b>For the financial year 2024-25</b>	
First Quarter	July 31, 2024
Half Year/Second Quarter	Within 45 days from the end of the quarter/Half Year
Third Quarter	
Annual	Within 60 days from the end of the financial year

## DIVIDEND DISTRIBUTION POLICY

In accordance with Regulation 43A of the SEBI Listing Regulations, the 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://web4.finobank.com/investors/corporate-governance#code-policies>.

## 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 2023-24 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	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)

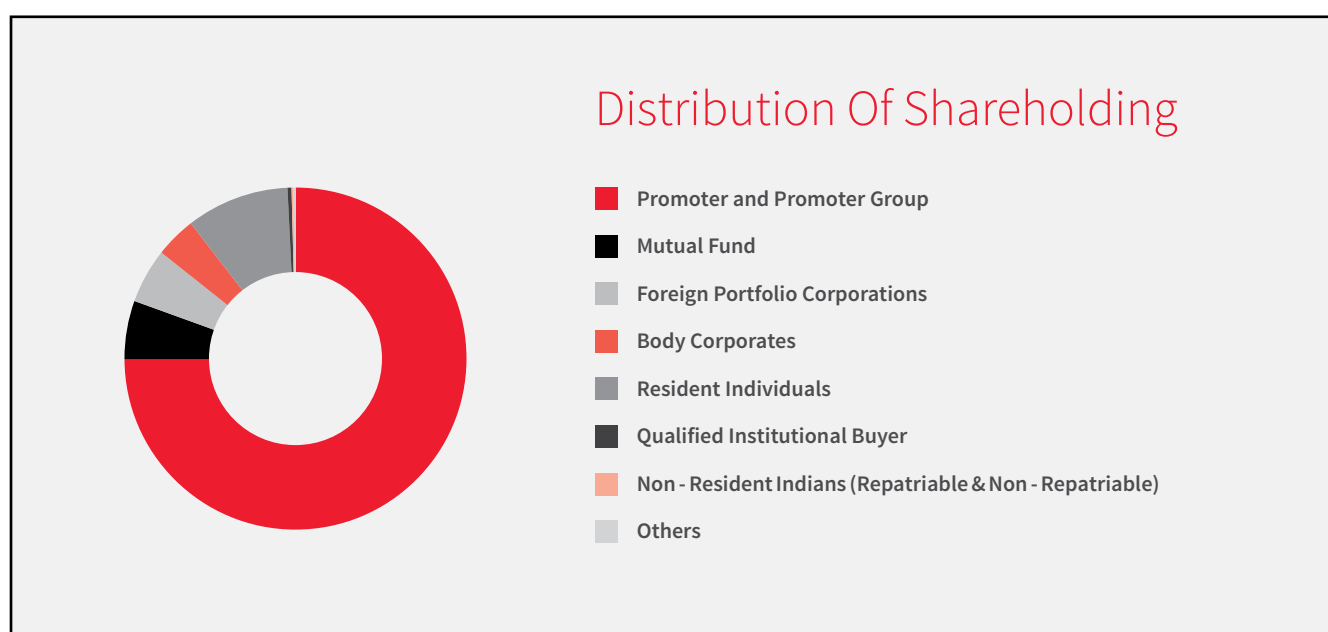
- National Securities Depository limited (NSDL)
- Central Depository Services (India) Limited (CDSL)

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

## Distribution of Shareholding as on March 31, 2024 (By Ownership)

Sr. No.	Shareholder's Category	No. of shares held	% to share capital
1.	Promoter and Promoter Group	6,24,11,997*	75.00
2.	Mutual Fund	46,06,556	5.54
3.	Foreign Portfolio Corporations	42,57,310	5.12
5.	Body Corporates	32,77,273	3.94
6.	Resident Individuals	79,98,620	9.61
7.	Qualified Institutional Buyer	3,13,720	0.38
8.	Non-Resident Indians (Repatriable & Non-Repatriable)	1,36,760	0.16
9.	Others	2,12,066	0.25
	<b>Total</b>	<b>8,32,14,302</b>	<b>100.00</b>

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



### Distribution of Shareholding as on March 31, 2024 (By Size)

Sr. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	64,966	99.73	47,55,327	5.71
2	5001 - 10000	85	0.13	5,95,073	0.72
3	10001 - 20000	33	0.05	4,32,837	0.52
4	20001 - 30000	6	0.01	1,59,931	0.19
5	30001 - 40000	10	0.02	3,55,515	0.43
6	40001 - 50000	4	0.01	1,79,719	0.22
7	50001 - 100000	16	0.02	12,25,147	1.47
8	100001 & Above	24	0.04	7,55,10,753	90.74
	<b>Total</b>	<b>65,144</b>	<b>100.00</b>	<b>8,32,14,302</b>	<b>100.00</b>

### Top Ten Equity Shareholders as on March 31, 2024

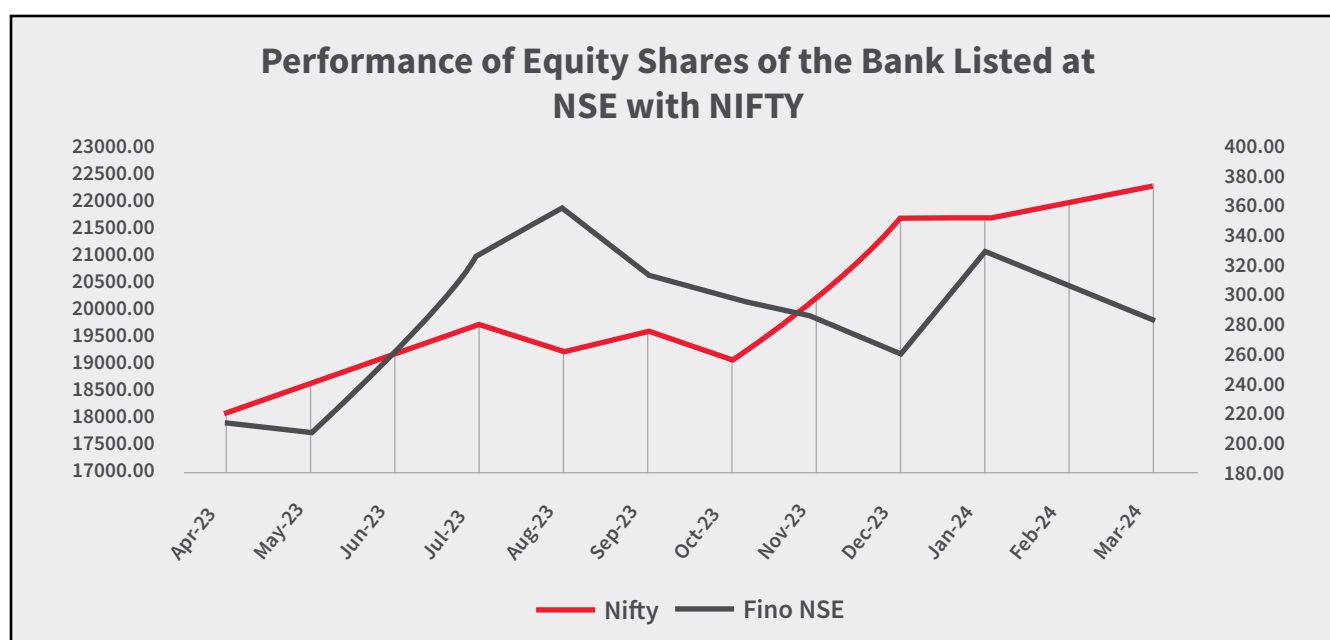
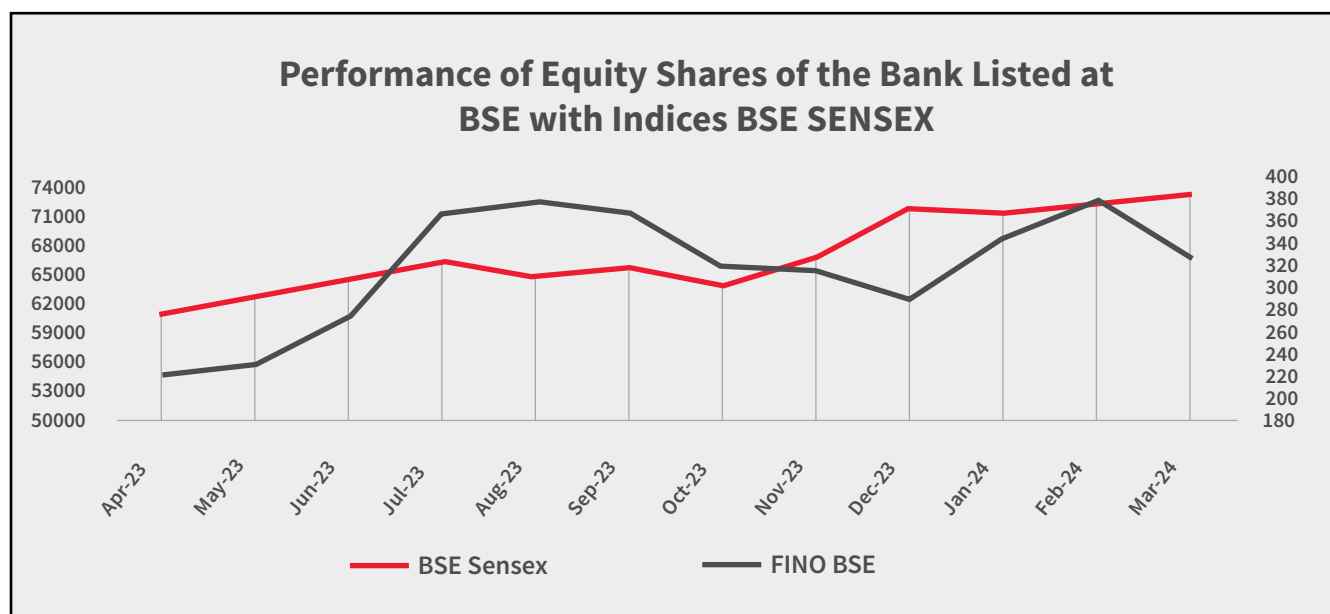
Name of the Shareholders	Holding	% to Equity
Fino PayTech Limited	6,24,11,997*	75.00
Motilal Oswal Dynamic Fund/Focused Fund/Multi Asset Fund	40,63,556	4.88
Fidelity Funds - India Focus Fund	17,50,273	2.10
Capri Global Holdings Private Limited	17,94,337	2.16
Fidelity Funds - Pacific Fund	11,29,246	1.36
Tata Banking & Financial Services Fund	5,43,000	0.65
Envision India Fund	4,72,500	0.57
Jagdish N Master	4,29,500	0.52
NEF - Pacific Equity	3,52,181	0.42
Reliance General Insurance Company Limited	3,13,720	0.38
<b>Total</b>	<b>7,32,60,298</b>	<b>88.04</b>

\*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 National Stock Exchange of India Limited (NSE) during financial year 2023-24 and its performance vis-à-vis BSE SENSEX and NIFTY 50 respectively is as under:

Month	BSE Limited			National Stock Exchange of India Limited		
	High	Low	Monthly Volumes	High	Low	Monthly Volumes (Lakhs)
Apr-23	218.40	202.60	73,730	218.70	201.25	11.51
May-23	230.00	201.60	1,99,161	232.40	201.35	21.16
Jun-23	274.30	204.95	4,05,011	274.20	205.65	56.38
July-23	368.45	250.05	9,08,602	367.80	253.00	127.88
Aug-23	379.00	322.90	4,53,393	379.50	322.30	63.71
Sep-23	371.65	304.50	1,89,901	364.95	305.50	23.55
Oct-23	321.00	278.10	75,370	321.80	276.90	12.51
Nov-23	319.00	260.15	1,99,605	323.45	260.55	26.36
Dec-23	290.00	249.55	4,06,087	289.05	249.40	35.96
Jan-24	344.45	260.05	6,12,426	345.00	260.00	71.00
Feb-24	383.75	280.75	7,83,033	384.00	280.60	76.91
Mar-24	330.00	272.65	2,21,142	330.30	274.60	23.97



## STATEMENT OF DEMATERIALISATION

As on March 31, 2024, 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 is not exposed to Commodity Price Risk, Foreign Exchange Rate 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 2023-24, 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, if any.

SEBI has mandated that securities of listed companies can be transferred only in dematerialised 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. An yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI 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, if any, 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 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.  
Tel: 022-7104 7000  
Email: [cs@finobank.com](mailto:cs@finobank.com)  
Website: [www.finobank.com](http://www.finobank.com)

The details of the investor complaints received and redressed by the Bank during year under review:

Particulars	No. of Complaints
Total Complaints Received	2*
Total Complaints redressed	2*
Total Complaints pending as on March 31, 2024	0

*\*The Bank has not received any complaints from investors. However, two complaints were received from the merchants, through SEBI Scores portal and NSE/NEAPS portal and the same were replied.*

## OTHER DISCLOSURES

### 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/specific approval were 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, was placed before the ACB for their review on a quarterly basis.

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, on a half yearly basis to the Stock Exchanges and updated its website accordingly.

There were no material transactions with related parties, which were not in the ordinary course of the business nor were there any transactions which were not on an arm's length basis.

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://web4.finobank.com/investors/corporate-governance#codepolicies>

### 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 Board's Report which may be referred to. None of the Bank's personnel have been denied access to the Chairperson of the Audit Committee.



## SENIOR MANAGEMENT

Particulars of Senior Management Personnel including the changes during the year under review are as follows:

Name	Designation	Role
Mr. Rishi Gupta	Managing Director & Chief Executive Officer	Managing Director & Chief Executive Officer
Mr. Ketan Merchant	Senior Executive Vice President	Chief Financial Officer
Major Ashish Ahuja*	Senior Executive Vice President	Chief Operating Officer
Mr. Shailesh Pandey*	Senior Executive Vice President	Chief Sales Officer
Mr. Vinod Kumar	Senior Executive Vice President	Chief Information Officer
Mr. Tejas Maniar	Executive Vice President	Chief Digital Officer
Major Pratima Thomas	Executive Vice President	Head Human Resource
Mr. Aninda Mukherjee	Executive Vice President	Head Risk Management
Mr. Prayag Gadgil	Senior Vice President	Head Internal Audit
Mr. Dinesh Parekh	Senior Vice President	Head Treasury
Mr. Aashish Pathak	Senior Vice President	Head Compliance
Mr. Basavraj Loni	Deputy Vice President	Company Secretary & Head Legal

\*From April 01, 2024 Major Ashish Ahuja and Mr. Shailesh Pandey took up the role as Chief Sales Officer and Chief Operating Officer, respectively. Further, Major Ashish Ahuja resigned from the Bank w.e.f. July 30, 2024.

During the year under review, Mr. Aninda Mukherjee was appointed as Chief Risk Officer in place of Mr. Rajesh Kumar Sood. Further Mr. Aashish Pathak joined the Bank as a Chief Compliance Officer in place of Mr. Raj Kumar Tripathi.

## TRANSACTIONS OF SENIOR MANAGEMENT

The Senior Management Personnel 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 & 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 personnel, 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) Shareholder's Rights

The Bank publishes its results on its website at [www.finobank.com](http://www.finobank.com) which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. The Bank's results for each quarter are published in two English newspapers having nation-wide circulation and in a Marathi newspaper having a circulation in Maharashtra.

### c) 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.

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

The Bank has appointed Mr. Rajat Kumar Jain as a Part-Time Chairperson of the Bank till the completion of his tenure i.e. as on November 01, 2025 subject to the approval of the Reserve Bank of India. Further, RBI vide its letter dated November 24, 2023 approved the appointment of Mr. Rajat Kumar Jain as Part-Time Chairperson of the Bank. Further, Mr. Rishi Gupta is the Managing Director & CEO of the Bank.

### e) 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) Rules, 2021, in so far as they apply to banks.

## CREDIT RATING

The details of all credit ratings obtained by the Bank are furnished in the Board's 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

The 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. The 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 2023-24	1
Number of complaints disposed off during financial year 2023-24	1
Number of cases pending as on March 31, 2024	Nil

## 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, Practicing Company Secretaries 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 [www.finobank.com](http://www.finobank.com). 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 paid by the Bank to the Statutory Central Auditors and all entities in the network firm/ network entity of which the Statutory Central Auditor is a part, is provided in the Note 60 to Financial Statements for the year ended March 31, 2024.

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

The Bank does not have any share lying in the Demat 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 the SEBI Listing Regulations, a quarterly confirmation on laws applicable to the Bank confirming compliances with all applicable laws, is placed before the Board, on a quarterly basis.

### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

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

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

Date : July 31, 2024  
Place : Navi Mumbai

**Rajat Kumar Jain**  
*Part-Time Chairperson & Independent Director*  
DIN: 00046053

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

## Annexure - A

### 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, 8<sup>th</sup> Floor, Plot No. Gen  
2/1/F, Tower 1, TTC Industrial Area, MIDC  
Shirwane, Juinagar, Navi Mumbai, Thane,  
Maharashtra-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, 8<sup>th</sup> 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.in](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, 2024 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. Rajat Kumar Jain	00046053	02/11/2020
2.	Mrs. Deena Asit Mehta	00168992	19/03/2020
3.	Mr. Rakesh Bhartia	00877865	27/07/2022
4.	Mrs. Anita Sudhir Pai	07651059	11/01/2024
5.	Mrs. Neeta Mukerji	00056010	05/03/2024
6.	Mr. Pankaj Kumar	07245781	11/04/2023
7.	Mr. Prateek Roongta	00622797	31/10/2022
8.	Mr. Rishi Gupta	01433190	23/06/2007

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.

**For DM & Associates Company Secretaries LLP**

**Dinesh Deora - Partner**

Membership No.: FCS 5683

CP No.: 4119

UDIN: F005683F000262764

P.R. Certificate No.: 758/2020

Place: Mumbai  
Date : April 30, 2024

## Annexure – B

### 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*

DIN: 01433190

Date: July 31, 2024

Place: Navi Mumbai

## Annexure - C

### 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, 2024 and that to the best of our 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: July 31, 2024

**For Fino Payments Bank Limited**

**Ketan Merchant**

*Chief Financial Officer*

Date: July 31, 2024

## Annexure – D

### 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, 2024, 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: F005683F000262863  
P.R. Certificate No.:758/2020

Place: Mumbai  
Date: April 30, 2024



# Business Responsibility & Sustainability Report – BRSR

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

#### 1. Corporate Identity Number (CIN) of the Listed Entity

➤ L65100MH2007PLC171959

#### 2. Name of the Listed Entity

➤ Fino Payments Bank Limited

#### 3. Year of incorporation

➤ 23/06/2007

#### 4. Registered office 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

#### 5. Corporate 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

#### 6. E-mail

➤ [cs@finobank.com](mailto:cs@finobank.com)

#### 7. Telephone

➤ +91 22 7104 7000

#### 8. Website

➤ <https://www.finobank.com/>

#### 9. Financial year for which reporting is being done

➤ FY 2023-24

#### 10. Name of the Stock Exchange(s) where shares are listed

- BSE Limited
- National Stock Exchange of India Limited

#### 11. Paid-up Capital

➤ ₹83.21 Crore

#### 12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report

Name: Mr. Himanshu K Mishra

Phone: +91 22 7104 7009

Email id: himanshu.m@finobank.com

#### 13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

➤ All the information is reported on standalone basis.

14. Name of assurance provider: Not Applicable.

15. Type of assurance obtained: Not Applicable.

## II. Products/services

16. Details of business activities (accounting for 90% of the turnover).

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Financial Services	Payments Bank activities	100%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover).

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Savings Account, Money transfer, CMS, BC Banking and Insurance	64191	100%

## III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated.

Location	Number of plants	Number of offices	Total
National	NA	81	81
International	NA	NA	NA

19. Markets served by the entity.

### a. Number of locations

Location	Number
National (No. of States)	All states and UTs in India
International (No. of Countries)	NA

### b. What is the contribution of exports as a percentage of the total turnover of the entity?

➤ Not Applicable

### c. A brief on types of customers

➤ Fino Payments Bank offers services to both retail as well as corporate customers. For retail customers, who are largely rural based, the bank offers savings accounts, current accounts, mobile banking, remittance, bill payments and third party offerings such as insurance, and referral loans. For corporate clients across multiple sectors such as NBFC, MFI, Logistics, Edtech, eCommerce etc, the bank offers cash management services.

## IV. Employees

20. Details as at the end of Financial Year.

### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	2682	2419	90%	263	10%
2.	Other than Permanent (E)	NA	NA	NA	NA	NA
3.	Total Employees (D+E)	2682	2419	90%	263	10%
WORKERS*						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total Employees (F+G)	NA	NA	NA	NA	NA

\* The entire workforce of the Company is categorised as 'Permanent Employees'. Therefore, the disclosures under the 'Other than Permanent Employees' and 'Workers' category is not applicable.

**b. Differently abled Employees and workers:**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	0	0	0	0	0
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	Total differently abled workers (F + G)	NA	NA	NA	NA	NA

**21. Participation / Inclusion / Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	3	37.5%
Key Management Personnel	3	0	0

**22. Turnover rate for permanent employees and workers**

	FY 2023-24 (Turnover rate in current FY)			FY 2022-23 (Turnover rate in previous FY)			FY 2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	62%	34%	60%	69%	51%	68%	59%	48%	58%
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**23. (a) Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Fino PayTech Limited (FPL)	Holding company	FPL holds 75% stake in the Bank	No

**VI. CSR Details**

**24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes**

**(ii) Turnover** (in ₹): 1,478.38 Crore (Turnover represents Total Income)

**(iii) Net worth** (in ₹): 627.96 Crore

## VII. Transparency and Disclosures Compliances

### 25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web- link for grievance redress policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0	-	0	0	-
Investors (other than shareholders)	Yes ( <a href="https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf">https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf</a> )	0	0	-	0	0	-
Shareholders	Yes ( <a href="https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf">https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf</a> )	0	0	-	0	0	-
Employees and Workers	Yes ( <a href="https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf">https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf</a> )	0	0	-	0	0	-
Customers	Yes ( <a href="https://web4.finobank.com/uploads/pages/notice-board/1693378107_CustomerGrievancePolicy.pdf">https://web4.finobank.com/uploads/pages/notice-board/1693378107_CustomerGrievancePolicy.pdf</a> )  The Bank also has a dedicated customer helpline number (022 6868 1414) and email ID (customer@finobank.com) to record customer grievances.	66450	2206	Broad categories of complaints includes Account under restrictions on suspicious pattern/ LEA, ATM Txn dispute, Account opening related etc.	50391	1259	Broad categories of complaints includes account under restrictions on suspicious pattern/ LEA, ATM Txn dispute, Fraudulent txn, account opening related etc.
Value Chain Partners	Yes ( <a href="https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf">https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf</a> )	0	0	-	0	0	-
Other (Merchants)	Yes ( <a href="https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf">https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf</a> )  The Bank has a dedicated Merchant Helpline Desk number (022 6868 1234) and email ID (care@finobank.com) to record merchant grievances.	2	0	The complaints filed during the year were replied to.	0	0	0

**26. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format**

Sr. No	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the Risk / Opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
1	Financial & Digital Inclusion	Opportunity	Financial inclusion is recognized as a key driver of economic growth and poverty alleviation. As a pioneer of financial inclusion in India, the Bank leverages its DTP ((Distribution, Technology and Partnerships) approach to facilitate the transformation of digital payments in India.	-	Positive  An increase in financial inclusion would enable Fino Payments Bank to expand its digital footprint and customer base. This would lead to increased profitability due to diversification of product offerings.
2	Data Security	Risk	Usage of digital platforms increases the potential of frauds which could result in potentially significant monetary losses for customers and diminish their trust in the Bank.	The Bank has implemented multiple layers of protection layers and data transmission protocols to safeguard data. Measures are in place to ensure data confidentiality and prevent leakage.	Negative  The occurrence of such incidents can lead to a loss of customer trust in the Bank. This may potentially lead to customer attrition and result in a decrease in the Bank's revenue.  Additionally, the Bank may incur regulatory fines/penalties and may have to incur expenditure to enhance its security infrastructure to prevent the occurrence of such incidents in the future.
3	Diversity & Inclusion	Opportunity	As a responsible corporate, the Bank aims to have diverse employees with different skill sets, experience, gender, perspectives. This includes Board composition that enhances Corporate Governance through quality decision making.	-	Positive  Diversity & inclusion allows for varied perspectives and ideas, fostering innovation through the development of new products, services or solutions that can enhance customer experience and drive revenue growth.
4	Livelihood generation	Opportunity	Livelihood generation is core to Bank's business model, which is designed to on-board merchants as banking points. These merchants offer assisted digital banking services in the local communities they operate. They earn a fee for the services provided thereby enhancing their income.	-	Positive  Increased livelihood generation opportunities involves providing income generation avenues for locals. This is made possible by on-boarding enterprising individuals as Fino merchants.  .

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/ No)	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes
b. Has the policy been approved by the Board? (Yes/ No)	Yes	NA	Yes	Yes	Yes	NA	NA	Yes	Yes
c. Web Link of the Policies, if available	<a href="https://web4.finobank.com/investors/corporate-governance#code-policies">https://web4.finobank.com/investors/corporate-governance#code-policies</a> <a href="https://web4.finobank.com/notice-board">https://web4.finobank.com/notice-board</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	NA	No	No	No	NA	NA	No	No
4. Name of the national and international codes/ certifications/ labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	1) ISO 27001:2013 2) ISO 9001:2015								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Bank is committed to adhering to ESG principles and have assessed steps to integrate the same into its operations. It is in the process of formulating a comprehensive ESG Strategy, which includes reassessing its material topics and formulating targets and commitments that align with its core values. As a part of its ESG Strategy, the Bank will develop Key Performance Indicators (KPIs) and an action plan on the identified KPIs.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Not Applicable.								
Governance, leadership, oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	The Bank prioritizes a formal and structured Environment, Social, Governance (ESG) approach that caters to the diverse needs of all stakeholders. The Bank's mission is to facilitate financial inclusion across India, with a particular focus on the under-served and under-banked population. This commitment contributes significantly to social equity. A key priority that strongly influences our governance architecture is the goal of reducing inequality. As a responsible corporate citizen, the Bank is taking several measures to sound environmental management: we employ a largely asset light digital-led business model that minimizes the need for physical infrastructure, thereby reducing our environmental footprint.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Himanshu K Mishra, EVP & Head Special Projects								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No).	No								
If yes, provide details.									



10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee								Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Com- mittee of the Board/ Board	NA	Com- mittee of the Board/ Board	Any other Com- mit- tee/ Board	Com- mittee of the Board/ Board	NA	NA	Com- mittee of the Board/ Board	Any other Com- mit- tee/ Board	An- nu- ally	NA	An- nu- ally	An- nu- ally	An- nu- ally	NA	NA	An- nu- ally	An- nu- ally
Compliance with statu- tory requirements of rel- evance to the principles, and, rectification of any non-compliances	Com- mittee of the Board/ Board	NA	Com- mittee of the Board/ Board	Any other Com- mit- tee/ Board	Com- mittee of the Board/ Board	NA	NA	Com- mittee of the Board/ Board	Any other Com- mit- tee/ Board	An- nu- ally	NA	An- nu- ally	An- nu- ally	An- nu- ally	NA	NA	An- nu- ally	An- nu- ally
11. Has the entity car- ried out independ- ent assessment/ evaluation of the working of its poli- cies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	The policies of the Bank are reviewed internally, annually and/or as and when required.								

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy reason to be stated.

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	NA	Yes	NA	NA	NA	No	Yes	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	Yes	NA	NA	NA	No	No	NA	NA
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	NA	Yes	NA	NA	NA	No	No	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	No	NA	NA	NA	Yes	No	NA	NA
Any other reason (please specify)	We are currently establishing a benchmark for our environmental footprint. This involves evaluating our existing systems and procedures to guarantee they have the least possible impact.								

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE**
**1**

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

**Essential Indicators**
**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year.**

Segment	Total number of trainings and awareness programmes held	Topic/Principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	3	<ul style="list-style-type: none"> <li>Induction Programme for new Directors</li> <li>Knowledge Session on AI by BCG</li> <li>IICA Corporate Governance Programme</li> </ul>	100% 50% 25%
Key Managerial Personnel	8	Training related to compliance, Information Security Management (ISMS), cyber threats and fraud awareness training, Prevention of Sexual Harassment (PoSH) and Internal Complaints Committee (ICC), anti-money laundering and anti-fraud training and customer service.	100%
Employees other than BoD and KMPs	9	Induction Program for new joiners includes trainings such as compliance, Information Security Management (ISMS), cyber threats and fraud awareness, Prevention of Sexual Harassment (PoSH) and Internal Complaints Committee training, anti-money laundering, anti-fraud training and customer service.	99%

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.** (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	1	Financial Intelligence Unit (FIU)	5,00,000	Financial Intelligence Unit – India (“FIU-IND”) has, vide its letter dated January 25, 2024, imposed a monetary penalty for non-compliance/ contravention of certain provisions of the Prevention of Money Laundering Act, 2002	
Settlement	NA	NA	NA	NA	NA
Compounding Fee	NA	NA	NA	NA	NA

	Non-Monetary			
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory / enforcement agencies/ judicial institutions
	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

- Yes. The provisions relating to anti-corruption or anti-bribery are covered under the Code of Conduct Policy. The Code of Conduct has detailed guidance on the business ethics, values, policies and procedures to prevent corruption and bribery in all the activities and business dealings of the Bank. The said Code of Conduct is an internal document.

Additionally, the Bank has formulated a Vigilance and Whistleblower Policy that is applicable to all employees. Through this Policy, the Bank encourages all individuals, including employees and third party/vendors, to voice any concerns about suspected misconduct without fear of retaliation. The Vigilance and Whistleblower Policy provides a mechanism to report unethical behavior, potential fraud, or policy violations directly to management, ensuring protection to those who file a grievance. The Policy necessitates the designation of a Chief of Internal Vigilance (CIV), whose primary responsibility is to pinpoint key areas susceptible to corruption. The same is available on the website of the Bank at [https://web4.finobank.com/uploads/pages/corporate-governance/1700629946\\_VigilanceandWhistleBlowerPolicy.pdf](https://web4.finobank.com/uploads/pages/corporate-governance/1700629946_VigilanceandWhistleBlowerPolicy.pdf)

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.

	FY 2023-24	FY 2022-23
Directors	None	None
KMPs	None	None
Employees	None	None

6. Details of complaints with regard to conflict of interest.

	FY 2023-24		FY 2022-2023	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	NA	Nil	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	NA	Nil	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

- Not Applicable.

8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured).

	FY 2023-24	FY 2022-2023
Number of days of accounts payables	5.41	10.37

## 9. Open-ness of business.

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties.

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	Purchases from trading houses as % of total purchases	-	-
	Number of trading houses where purchases are made from	-	-
	Purchases from top 10 trading houses as % of total purchases from trading houses	-	-
Concentration of Sales	Sales to dealers / distributors as % of total sales	-	-
	Number of dealers / distributors to whom sales are made	-	-
	Sales to top 10 dealers / distributors as % of total sales to dealers/ distributors	-	-
Share of RPTs in	Purchases (Purchases with related parties / Total Purchases)	0.33%	0.92%
	Sales (Sales to related parties / Total Sales)	0.14%	0.21%
	Loans & advances (Loans & advances given to related parties / Total loans & advances)	-	-
	Investments (Investments in related parties / Total Investments made)	-	-

\* Fino Payments Bank is in the financial services sector, and therefore given the nature of its business, does not directly procure any goods from a trading house.

As per the Income Tax Act, 1961, a 'Trading House' may be interpreted as a business that primarily engages in trading and export of various goods or products. Such businesses often play a crucial role in facilitating international trade by sourcing, purchasing, and selling goods to international markets.

## Leadership Indicators

### 1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year.

Awareness programmes conducted for value chain partners on any of the Principles during the financial year (FY24):		
Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
3835	Modules covered include an introduction to Fino Payments Bank and its business model, products and processes. Additional modules include Compliance and technical trainings.	14%

### 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

- Yes, the Board of Directors are subject to the Board-approved Code of Conduct for Members of the Board and Senior Management ([https://web4.finobank.com/uploads/pages/corporate-governance/1707214756\\_CodeofConductforMembersoftheBoardandSeniorManagement.pdf](https://web4.finobank.com/uploads/pages/corporate-governance/1707214756_CodeofConductforMembersoftheBoardandSeniorManagement.pdf)) which mandates that the Board members shall avoid conflict of interest and disclose to the Board any material transaction or relationship that reasonably could be expected to give rise to such a conflict. Further, the Board members are required to disclose their interest to the Board at the first meeting of the financial year and any change as and when such change occurs. In line with the extant RBI circulars on 'fit and proper' criteria, the Board members are required to provide Declaration & Undertaking to the Bank on an annual basis and at the time of their appointment / re-appointment. This declaration also contains information on entities in which the Directors have interest. As and when any director is appointed / re-appointed, the Bank carries out a due diligence exercise which inter alia examines the possibility of conflict of interest.

## PRINCIPLE

2

Businesses should provide goods and services in a manner that is sustainable and safe

### Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D			
Capex			* Refer note below.

\* Fino Payments Bank is in the financial services sector therefore the relevance of the above categories is restricted largely to information technology. The Bank intends to reassess its value chain and identify focus areas to reduce its environmental impact.

2. **a. Does the entity have procedures in place for sustainable sourcing?**
  - No, Since the Bank's presence is in the Financial Services sector, the primary operational purchase is paper. For the procurement of equipment, the Bank prioritizes energy efficiency, especially when buying electronic devices like computers, laptops, lights, and air conditioners.
- b. If yes, what percentage of inputs were sourced sustainably?**
  - Not Applicable.
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
  - Given the nature of the business, there are no products offered by the Bank and hence this is not applicable. However, the Company realizes the importance of waste management and has formulated an e-waste policy.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.
  - Not Applicable.

### Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details?
  - Not Applicable.
2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.
  - Not Applicable.
3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023-24	FY 2022-23
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2023-24			FY 2022-23		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)		NA			NA	
E-waste		NA			NA	
Hazardous waste		NA			NA	
Other waste		NA			NA	

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

➤ Not Applicable.

**PRINCIPLE**

**3**

Businesses should respect and promote the well-being of all employees, including those in their value chains

**Essential Indicators**

1.a. Details of measures for the well-being of employees:

➤ All employees are covered under Health and Accident Insurance (within India). Medical expenses and Insurance related to Maternity claims are covered under Health Insurance coverage

Category	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)

**Permanent Employees**

Male	2419	2419	100%	2419	100%	NA	NA	2419	100%	-	Nil
Female	263	263	100%	263	100%	263	100%	NA	NA	-	Nil

b. Details of measures for the well-being of workers:

➤ Not Applicable.

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent).

	FY 2023-24	FY 2022-23
Cost incurred on well- being measures as a % of total revenue of the company*	0.33 %	0.33 %

\*In alignment with Principle 3, 1.a., the following is included while calculating spending towards well-being of employees: Health Insurance, Term Insurance and Maternity Benefits, Paternity Benefits, Rewards and Recognition expenditure.

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	Details of retirement benefits, for Current FY and Previous Financial Year.					
	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	Not Applicable	Y	100%	Not Applicable	Y
Gratuity	100%	Not Applicable	Y	100%	Not Applicable	Y



### 3. Accessibility of workplaces

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

➤ Our offices are accessible to differently abled people.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

➤ No. The Bank does not have an Equal Opportunity policy in place at present. However, the Bank upholds equal opportunity and non-discrimination practices through the Equal Employment and Non- Discrimination Policy that is a part of our Code of Conduct. The Policy ensures that no employee or job applicant is discriminated against on factors such as caste, creed, race, religion, gender, age, LGBT status, national origin, pregnancy, marital status, family status, disability, HIV status, veteran status, or any other protected class.

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male and Female	100%	95%	NA	NA

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable
Other than Permanent Workers	Not Applicable
Permanent Employees	Given the nature of the complaint, there are several avenues available for employees. This includes the Vigilance and Whistleblower Policy, dedicated email IDs and HRMS Ticketing Systems where employees can reach out and file their grievances.
Other than Permanent Employee	Not Applicable

### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity.

Category	FY 2023-24			FY 2022-23		
	Total employees/ workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/ A)	Total employees/ workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	The Bank's employees are not a part of any union / employee association					
- Male						
- Female						
Total Permanent Workers						
- Male						
- Female						

## 8. Details of training given to employees and workers:

Category	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill Upgradation		Total (D)	On Health and safety measures		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	2,419	0	0	2,419	100%	2,602	0	0	2,602	100%
Female	263	0	0	263	100%	266	0	0	266	100%
Total	2,682	0	0	2,682	100%	2,868	0	0	2,868	100%
Workers										
Male	NA	NA	0	NA	0	NA	NA	0	NA	0
Female	NA	NA	0	NA	0	NA	NA	0	NA	0
Total	NA	NA	0	NA	0	NA	NA	0	NA	0

## 9. Details of performance and career development reviews of employees and workers.

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	2,419	1,806	75%	2,602	1,834	70%
Female	263	195	74%	266	188	71%
<b>Total</b>	<b>2,682</b>	<b>2,001</b>	<b>75%</b>	<b>2,868</b>	<b>2,022</b>	<b>71%</b>
<b>Workers</b>						
Male	NA	NA	0	NA	NA	0
Female	NA	NA	0	NA	NA	0
<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>0</b>	<b>NA</b>	<b>NA</b>	<b>0</b>

Note: Performance and career development reviews were carried out for all eligible employees.

## 10. Health and safety management system.

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**
  - Employee wellbeing is a key focus area for the Bank. To ensure the safety and security of employees, all offices and branches have CCTVs and fire alarm systems, including fire extinguishers. Mock fire drills are conducted regularly to create awareness among employees on safety measures.
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**
  - Mental and physical well-being of the employees is of paramount importance to the Bank. Through periodic assessments the Bank identifies occupational health and safety risks and implements mitigation measures accordingly. Regular training sessions and mock drills enhance preparedness for emergencies.
- Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**
  - This is not directly applicable given the nature of business. In case of any unforeseen circumstances, the Bank's employees and their families are covered under the Group Medical Policy. In an extreme case of a fatality occurring due to a work-related hazard, all employees are covered under Group Term Insurance.
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**
  - Yes, the Bank provides Group Medical Policy for employees and their families as well as Group Term Insurance to provide safety against medical and healthcare emergencies.

## 11. Details of safety related incidents.

Safety Incident/Number	Category	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million- person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

## 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

Fino Payments Bank prioritizes the physical and mental well-being of its employees and is committed to providing a safe and hazard-free work environment. To achieve the same, the Bank expects its businesses and employees to comply fully with appropriate laws and internal regulations. The Bank has implemented several accident prevention measures and actively promotes responsible behaviour among employees and colleagues. Measures range from the technical planning of workplaces, equipment, and processes and to safety management and personal behaviour in everyday workplace. Some of the measures taken by the Bank to ensure safe and healthy workplace are:

- Fire alarm systems and extinguishers in offices and branches
- Regular training sessions and mock drills to enhance employee preparedness
- Awareness on POSH through periodic emails
- Hygienic canteen with healthy eating options

## 13. Number of Complaints on the following made by employees and workers.

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NA	NA	NA	NA	NA	NA
Health & Safety	NA	NA	NA	NA	NA	NA

## 14. Assessments for the year.

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	NA
Working Conditions	NA

## 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

- Not Applicable.

## Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).
  - Employees are covered under Group Term Life Insurance.
2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.
  - Not Applicable.
3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health/ fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment.
  - Not Applicable.
4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)
  - There have been no instances of termination of employment due to skill gaps or business conditions by the Bank. If the same becomes necessary due to regulatory requirements, business changes or any other unforeseen circumstances, appropriate measures will be considered for the outgoing employees.
5. Details on assessment of value chain partners.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Not Applicable
Working Conditions	Not Applicable

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.
  - Not Applicable.

### PRINCIPLE

4

Businesses should respect the interests of and be responsive to all its stakeholders

## Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.
  - The Bank believes that regular stakeholder engagement is essential for developing strong partnerships. We have a structured stakeholder identification mechanism that takes into consideration their business requirements. Thus, a strategic and diversified approach to stakeholder engagement allows us to make well-informed decisions, taking into consideration the changing expectations of our stakeholder groups.
  - The stakeholders identified by the Bank are its consumers, distribution partners, shareholders, employees and investors.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community, Meetings, Notice Board, Website), Other	Frequency of engagement of (Annually/ Half yearly/ Quarterly others - please specify	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	We communicate with our customers across – SMS, WhatsApp, Email, Website, App Notifications, Phone calls, Personal interactions by distribution partners, employees etc. There is a dedicated helpline for customers to file grievances. The type of communication, context, tools of communication, frequency etc depend on the business needs.	The communication runs through the year.	The purpose of the communication is to inform and engage.
Investors (other than shareholders)	No	The Investor Relation (IR) team actively engages with the investors. Important documentation like Quarterly financial reports, press releases, results conference call and investor presentation and conferences, Annual Reports, Investor Decks, Investor Meets are all available on the website.	The communication runs through the year.	Providing relevant information on the Bank's performance and understanding investor perspectives on the same.
Shareholders	No	The IR team actively engages with the investors. Important documentation like Quarterly financial reports, press releases, results conference call and investor presentation and conferences, Annual Reports, Investor Decks, Investor Meets are all available on the website.	The communication runs through the year.	Providing updates related to the Bank's business and operational performance.
Employees	No	We communicate with our employees through various means such regular meetings, SMS, WhatsApp, Emails, Phone calls, etc. The type of communication, context, tools of communication, frequency etc. depend on the business needs.	The communication runs through the year.	Ensure that employees are abreast of the developments within the Bank. The purpose of the communication is to inform and engage.
Value Chain Partners/ Distribution Partners	No	We communicate with our value chain partners across personal Meetings, review meetings, SMS, WhatsApp, Email, Website, Phone calls, etc. The type of communication, context, tools of communication, frequency etc depends on the business needs.	The communication runs through the year.	The purpose of the communication is to inform and engage value chain partners on the policies / practices of the Bank.

## Leadership Indicators

- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**
  - There are various channels of communication for stakeholders, which include the Bank's website, earnings call and designated email IDs displayed on the Bank's website which stakeholders may refer to. The Bank has a Stakeholders Relationship Committee ("SRC") which ensures the effective redressal of their grievances. Wherever relevant, the feedback shared by stakeholders from the above-mentioned communication channels form a part of discussions of the SRC. Furthermore, the Customer Service Committee ensures that customers are treated fairly and conducts regular engagements to manage their grievances.
- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**
  - The Bank is steadfast in its dedication to engaging with all stakeholders. Through active engagement with employees, clients, suppliers, partners, and communities, the Bank aims to contribute to sustainable development. The Fino Saathi program facilitates direct interactions between business leaders and stakeholders, enabling us to gain deeper insights.
- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.**
  - The Bank has a Corporate Social Responsibility (CSR) Policy that acts as the guiding light for all our community development initiatives. Through the CSR Policy, the Bank remains committed to creating value for marginalized communities in the country. Our CSR interventions consciously strive to positively impact the lives of the marginalized communities. The Bank engages with communities around its branches with the objective of widening its prosperity circle through relevant interventions in line with the UN Sustainable Development Goals.

### PRINCIPLE

5

Businesses should respect and promote human rights

## Essential Indicators

- Employees and workers who have been provided training on human rights issues and policy(ies) of the entity.**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	2,682	0	0	2,868	0	0
Other than permanent	NA	NA	NA	NA	NA	NA
<b>Total Employees</b>	2,682	0	0	2,868	0	0
<b>Workers</b>						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA



## 2. Details of minimum wages paid to employees and workers.

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	2,682	60	2.23%	2622	97.77%	2,868	53	1.84%	2815	98.16%
Male	2,419	42	1.73%	2377	98.27%	2,602	39	1.49%	2563	98.51%
Female	263	18	6.84%	245	93.16%	266	14	5.27%	252	94.73%
Other than Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Workers										
Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than Permanent	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

## 3. Details of remuneration / salary / wages.

### a. Median remuneration/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD) Key Managerial Personnel (KMP)	Please Refer the Board's Report and Annexures			
Employees other than BoD and KMP	2419	310776	263	320004

### b. Gross wages paid to females as % of total wages paid by the entity.

	FY 2023-24	FY 2022-23
Gross wages paid to females as % of total wages	10%	9%

## 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

- Yes. The Bank encourages employees to report to their supervisor/HR/compliance officer, concerns and suspected violations of the Code, internal policies, external legal and regulatory requirements etc. All significant breaches can be escalated immediately.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

- The Bank has formulated a Vigilance and Whistle-blower Policy and Code of Conduct which provides a grievance redressal mechanism for human rights related issues. The Bank conducts prompt and thorough investigations on the violation of relevant rules, laws and regulations and takes appropriate action against individuals. An employee who knowingly violates the internal policies and guidelines shall be subject to disciplinary action, including demotion or dismissal.

## 6. Number of Complaints on the following made by employees and workers.

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	The Complaint was resolved during the year.	1	Nil	The Complaint was resolved during the year.
Discrimination at workplace	0	0	-	0	0	-
Child Labour Forced Labour/ Involuntary Labour Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

	FY 2023-24	FY 2022-23
Total complaints reported under Sexual Harassment of women at Workplace (Prevention, Prohibition, Redressal) Act, 2013 (POSH)	1	1
Complaints on POSH as a % of female employees/ workers	0.38%	0.38%
Complaints on POSH upheld	Nil	Nil

## 8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

- Fino Payments Bank Ltd. is committed to the prohibition of harassment and intimidation of employees in the workplace. The Bank discourages conduct that implies granting or withholding favors or opportunities as a basis for decisions affecting an individual, in return for that individual's compliance. Such harassment is the easier form of harassment to identify because it is in the form of either a threat or a promise, whether explicit or implied.
- Fino Payments Bank Ltd. has a Prevention of Sexual Harassment at Workplace Policy that prohibits unwelcome advances, requests for sexual favors, or verbal or physical conduct where such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive working environment.
- The Bank has an Equal Employment and Non-Discrimination Policy that is a part of our Code of Conduct. Employees are encouraged to report any incidents of inconsistent treatment or behaviour through our Employee Complaint Resolution Policy or Vigil Mechanism Policy. We have a zero-tolerance policy for victimization or harassment against employees who report issues or cooperate with investigations.
- The POSH and grievance redressal mechanism has in place modalities to prevent adverse consequences to the complainant in discrimination and harassment cases.

## 9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

- Not Applicable.

## 10. Assessments for the year.

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	Nil*
Forced/involuntary labour	Nil*
Sexual harassment	Nil*
Discrimination at workplace	Nil*
Wages	Nil*
Others - please specify	Nil*

\* The Company is in compliance with the laws, as applicable

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

➤ Not Applicable.

### Leadership Indicators

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

➤ There were no human rights grievances/complaints received during the reporting period.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

➤ Not Applicable.

**3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

➤ Yes. Most of our offices are in commercial spaces that are not directly managed by the Bank. Looking ahead, the Bank aims to provide an inclusive workspace that leverages technology to provide accessibility.

**4. Details on assessment of value chain partners.**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The Bank is currently evaluating the feasibility of carrying out assessments on the aforementioned topics in the near future.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others - please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

➤ Not Applicable.

## PRINCIPLE

6

Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

**1. Details of total energy consumption (in Joules or multiples) and energy intensity.**

➤ At present, the Bank has not quantified its energy consumption. However, we have commenced internal dialogues to initiate the calculations of our energy consumption in some of our major offices.

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

➤ Not Applicable.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

➤ No.

### 3. Provide details of the following disclosures related to water.

- At present, the Bank has not quantified its water consumption. However, we are initiating the process of monitoring water usage in some of our major offices.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No.

### 4. Provide the following details related to water discharged.

- Not Applicable.

### 5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

- Not Applicable.

### 6. Please provide details of air emissions (other than GHG emissions) by the entity.

Not Assessed. The Bank is in its initial stage of assessing the relevance of air emissions given the nature of its business.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- Not Applicable.

### 7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity.

Parameter	Unit	FY 2023-24	FY 2022-23
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent		
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent		
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)			
<b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)			
<b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>			
<b>Total Scope 1 and Scope 2 emission intensity (optional)</b> – the relevant metric may be selected by the entity			

At present, the Bank has not quantified its Scope 1 and Scope 2 emissions. However, we have commenced internal dialogues to initiate the calculations of our Scope 1 and Scope 2 emissions in some of our major offices.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No.

### 8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

- No.

**9. Provide details related to waste management by the entity.**

	FY 2023-24	FY 2022-23
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	The Bank has implemented measures to quantify its e-waste generation for the fiscal year 2024-25.	
E-waste (B)		
Bio-medical waste (C)		
Construction and demolition waste (D)		
Battery waste (E)		
Radioactive waste (F)		
Other Hazardous waste. Please specify, if any. (G)		
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G + H)		
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (total waste generated / Revenue from operations adjusted for PPP)		
Waste intensity in terms of physical output		
Waste intensity (optional) – the relevant metric may be selected by the entity		

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

Category of waste	FY 2023-24	FY 2022-23
(i) Recycled	-	-
(ii) Re-used		
(iii) Other recovery operations		
<b>Total</b>		

**For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)**

Category of waste	FY 2023-24	FY 2022-23
(i) Incineration	-	-
(ii) Landfilling		
(iii) Other disposal operations		
<b>Total</b>		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

➤ Not Applicable.

**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

➤ Not Applicable.

**11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.**

➤ Not Applicable.

**12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.**

➤ Not Applicable.

**13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances.**

➤ Yes, the Bank is fully compliant with the applicable environmental laws / regulations / guidelines in the places where we operate, to the extent to which they apply to the Bank.

## Leadership Indicators

### 1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

- At present, the Bank has not quantified its water withdrawal, consumption and discharge in areas of water stress. The Bank is in its initial stage of assessing this metric given the nature of its business.

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No.

### 2. Please provide details of total Scope 3 emissions & its intensity.

Parameter	Unit	FY 2023-24	FY 2022-23
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	At present, the Bank has not quantified its Scope 3 emissions. However, it is in the early stages of identifying and evaluating the relevant categories of Scope 3 emissions.	
<b>Total Scope 3 emissions per rupee of turnover</b>	Gram per CO <sub>2</sub> per rupee income		
<b>Total Scope 3 emission intensity (optional)</b> - the relevant metric may be selected by the entity	tCO <sub>2</sub> /FTE		

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

- No.

### 3. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

- Given the nature of our business, we do not have significant direct impacts on biodiversity.

### 4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken along-with summary	Details of the initiative	Outcome of the initiative
--------	------------------------------------------	---------------------------	---------------------------

Not Applicable

### 5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

- Yes, we have a business continuity plan to keep the core systems running in event of an adversity.

### 6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

- Not relevant

### 7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

- Not relevant



## PRINCIPLE

7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations:** 5
- b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of / affiliated to:**

Confederation of Indian Industry (CII)	National
Associated Chambers of Commerce and Industry of India (ASSOCHAM)	National
IMC Chamber of Commerce and Industry	National
Federation of Indian Chamber of Commerce and Industry (FICCI)	National
Payments Council of India, PCI (IAMAI)	National

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities**

➤ Not Applicable.

### Leadership Indicators

1. **Details of public policy positions advocated by the entity:**

➤ The Bank does not directly engage in public policy. Through its active involvement with the aforementioned trade and industry associations, the Bank remains well-informed about industry developments and fosters collaborative partnerships within the business community.

## PRINCIPLE

8

Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. **Details of Social Impact Assesments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

➤ Not Applicable.

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity.**

➤ Not Applicable.

3. **Describe the mechanisms to receive and redress grievances of the community.**

➤ The Bank has several avenues in place to receive and redress grievances of the community. They include our Helpline number, our customer care email ID, SMS, WhatsApp and our FinoPay mobile application. The Bank actively collaborates with the communities surrounding its branches, aiming to expand its sphere of prosperity through targeted initiatives aligned with the Sustainable Development Goals.

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs/ small producers	5.48%	10.89%
Directly from within India	100%	100%

#### 5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost.

Location	FY 2023-24	FY 2022-23
Rural	8%	10%
Semi-urban	1%	1%
Urban	14%	14%
Metropolitan	77%	75%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Note: The above figures have been computed on the basis that employee wages were determined using a percentage of their fixed pay.

### Leadership Indicators

#### 1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
NA	NA

#### 2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S.No.	Aspirational District	Amount spent (In ₹)
	NA	

#### 3.

(a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)	No.
(b) From which marginalized /vulnerable groups do you procure?	Not applicable*
	* Given the nature of our business, we don't procure from marginalized / vulnerable groups.
(c) What percentage of total procurement (by value) does it constitute?	Not applicable

#### 4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

➤ Not Applicable.

#### 5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

➤ Not Applicable.

## 6. Details of beneficiaries of CSR Projects.

S. No.	CSR Project	No. of Persons Benefitted from CSR Project	% of beneficiaries from vulnerable and marginalized groups
1	Eradication of hunger	2,000	100%
2	Healthcare	6,500	100%
3	Primary education	355	100%
4	Protection of environment	2,000	NA
5	Skill development	1,262	>60%
	<b>Total</b>	<b>12,117</b>	

### PRINCIPLE

9

Businesses should engage with and provide value to their consumers in a responsible manner

## Essential Indicators

### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

- The Bank has a Customer Grievance Policy to ensure that all customers are treated respectfully, fairly and without bias at all times. The Policy lists out the grievance redressal mechanism where customers can file their complaints. Additionally, the Bank has in place a Consumer Helpline Number (022 6868 1414) and an email ID ([customercare@finobank.com](mailto:customercare@finobank.com)) which customers may alternatively utilize. All issues raised by customers are dealt with courtesy, efficiency and resolved on time. Customers are made completely aware of their rights so that they can opt for alternative remedies if they are not fully satisfied with the response or resolution to their complaint.

### 2. Turnover of products and services as a percentage of turnover from all products/services that carry information about.

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

### 3. Number of consumer complaints in respect of the following.

	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber Security	0	0	-	0	0	-
Delivery of essential services	66,450	2,206	-	50,391	1,259	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair trade practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

#### 4. Details of instances of product recalls on account of safety issues.

	Number	Reasons for recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

#### 5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

- Yes. Keeping personal information of customers secure and using it solely for activities related to the Bank and preventing any misuse of customer data is a top priority of the Bank.
- The Bank maintains a cyber security policy that is sensitive in nature and is not intended for external dissemination. The policy is crucial to our operations and is handled with the utmost confidentiality. In addition to our cyber security policy, the Bank has also formulated a Privacy Policy.
- The Bank has adopted a Privacy Policy aimed at protecting the personal information disclosed by customers. This Policy governs the way in which the Bank collects, uses, discloses, stores, secures and disposes of personal information and sensitive personal data or information. (<https://web4.finobank.com/regulatory/privacy-policy>)

#### 6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

- The Financial Intelligence Unit-India ("FIU-IND") has, vide its letter dated January 25, 2024, imposed a monetary penalty amounting to ₹5 lakhs (Rupees Five Lakhs only) on the Bank for non-compliance / contravention of certain provisions of the Prevention of Money Laundering Act, 2002. The Bank has already initiated / taken corrective measures, as necessary, to align the operations / procedures in line with the stipulations of the FIU-IND.

#### 7. Provide the following information relating to data breaches.

- a. Number of instances of data breaches.  
There were no instances of data breaches during the reporting period.
- b. Percentage of data breaches involving personally identifiable information of customers.  
Not Applicable.
- c. Impact, if any, of the data breaches  
Not Applicable.

### Leadership Indicators

#### 1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

- All information is available on the Bank website [www.finobank.com](http://www.finobank.com).  
All pertinent details about our products and updates are shared through our official website, our mobile application and various social media platforms. Our official website serves as the primary source of information and is regularly updated with the latest news, announcements, and other essential details (<https://web4.finobank.com/notice-board>). In addition to the website, the Bank actively uses social media platforms such as X (formerly Twitter), Facebook and Instagram to connect with our customers. Our mobile application, FinoPay is available on iOS and Android platforms and provides customers with a hassle-free digital experience.

#### 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

- Fino Payments Bank displays a factsheet on Important Safe Banking Tips on its website (<https://web4.finobank.com/regulatory/important-safe-banking-tips>) informing customers about the best practices they should employ while doing digital banking. Furthermore, the Bank regularly updates its notice board (<https://web4.finobank.com/notice-board>) to inform customers about the safe and responsible usage of its products and services.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

- Information informing customers of any risk of disruption / discontinuation of essential services is posted on our website [www.finobank.com](http://www.finobank.com). Our mobile application, Fino Pay, notifies customers of any disruption / discontinuation of essential services through notifications which include information about the services affected and the expected duration of the outage. We also inform our customers about disruptions through WhatsApp notifications.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief and Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No).**

- Given the nature of our business, traditional product labelling does not pertain to us. However, the Bank ensures transparency by adhering to all necessary disclosure requirements related to its products and services in every form of communication. Furthermore, the Bank provides information about its product offerings and services through various channels such as its website, advertisements, print and social media, among others, to keep customers and stakeholders well-informed. The Bank has also formulated a Citizen's Charter which not only explains our commitment and responsibilities along with redressal methods but also the obligations on the part of customers.
- Yes. The Bank utilizes formal tools like Net Promoter Score (NPS) surveys, social media and Facebook live sessions to understand customer needs. The Fino Saathi program facilitates direct interactions between business leaders and stakeholders, enabling us to gain deeper insights.

# 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 accompanying financial statements of Fino Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2024, the Profit and Loss account, the Statement of Cash Flow 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, 2024, 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, 2024. 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
<ul style="list-style-type: none"> <li>➤ The Bank utilizes a complex IT infrastructure to facilitate its daily operations. This infrastructure is crucial for processing and recording substantial transaction volumes either through a single or several applications.</li> <li>➤ IT system reliability and security are critical for the Bank's operational efficiency. Given the high volume of daily transactions, IT controls are essential to ensure accurate data processing by applications and to facilitate necessary modifications.</li> <li>➤ To guarantee that these IT systems process data accurately, completely, and consistently—thereby supporting dependable financial reporting—robust IT general controls and specific application controls are required.</li> <li>➤ We consider 'IT systems and controls' as a key audit matter due to the extensive automation, the significant number of systems utilized by management, and the complexity of the IT framework, which significantly influences the financial reporting system.</li> </ul>	<p>For the system audit, we employed IT experts to understand the Bank's IT general controls. Our audit processes included:</p> <ul style="list-style-type: none"> <li>➤ Evaluating the Bank's ITGC environment by understanding processes, mapping applications, and recognizing financial risks linked with the people-process-technology interface.</li> <li>➤ Confirming the design and operational effectiveness of crucial controls in user access management, change management, program development, and vulnerability management.</li> <li>➤ Assessing the design and operational effectiveness of access control measures, including the granting, removal, and periodic review of access rights.</li> <li>➤ Testing compensatory controls and executing alternative audit procedures as needed. We also noted any modifications to the IT framework during the audit period.</li> <li>➤ The audit aimed to provide reasonable assurance that the Bank's IT controls are adequate, effectively designed, and implemented to maintain the integrity, confidentiality, and availability of the Bank's financial and operational data.</li> </ul>



## 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 information in the graphical representation of financial highlights and Director's report but does not include the Financial Statements and our auditor's report thereon. The Director's Report which 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 under SA 720 'The Auditor's responsibilities relating to Other Information'.

## 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.

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.

Materiality is the magnitude of the misstatements in the standalone financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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 31 March 2024, 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 during the course of audit, have been within the powers of the Bank;
  - c) Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. During the course of our audit we visited 18 branches.
  - d) The profit and loss account shows a true balance of profit for the year then ended.
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 guidelines prescribed by RBI;
- e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024, 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, 2024, 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, 2024;
  - iii. There were no amounts which were 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 persons / entities, 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 persons/ entities, 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 (1) and (2) 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, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
- i) Based on our examination which included test checks, the company has used accounting software's for maintaining its books of account which has features of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

**For A P Sanzgiri & Co**

Chartered Accountants

Firm Registration Number: 116293W

**Abhijit Sanzgiri**

Partner

Membership Number: 043230

UDIN: 24043230BKBDVX4783

Place: Mumbai

Date: April 30, 2024

## Annexure A to the Independent Auditor's Report of Even Date on the Financial Statements of Fino Payment 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, 2024, 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, 2024, 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 management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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 Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and

deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with

authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject

to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For A P Sanzgiri & Co**  
Chartered Accountants  
Firm Registration Number: 116293W

Place: Mumbai  
Date: April 30, 2024

**Abhijit Sanzgiri**  
Partner  
Membership Number: 043230  
UDIN: 24043230BKBDVX4783

## Balance Sheet as at 31<sup>st</sup> March 2024

(₹ in '000)

Particulars	Schedule	As at 31 March 2024	As at 31 March 2023
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	8,32,143	8,32,143
Employee stock options outstanding		1,52,120	1,08,132
Reserves and surplus	2	54,47,425	45,85,185
Deposits	3	1,41,25,400	91,71,470
Borrowings	4	71,26,500	43,40,645
Other liabilities and provisions	5	65,07,536	56,26,441
		<b>3,41,91,124</b>	<b>2,46,64,016</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	31,74,331	21,99,434
Balances with banks and money at call and short notice	7	74,81,169	61,39,961
Investments	8	1,74,69,301	1,14,64,335
Advances	9	689	1,168
Fixed assets	10	19,52,387	14,49,118
Other Assets	11	41,13,247	34,10,000
		<b>3,41,91,124</b>	<b>2,46,64,016</b>
Contingent liabilities	12	1,31,836	70,776
Bills for collection		-	-
Significant accounting policies and notes to the financials	17 & 18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Balance Sheet

As per our report of even date attached

**For A P Sanzgiri & Co**  
Chartered Accountants  
ICAI Firm Registration No: 116293W

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

**Abhijit Sanzgiri**  
Partner  
Membership No: 043230

**Rajat Kumar Jain**  
Part Time Chairman  
DIN - 00046053

**Deena Mehta**  
Independent Director  
DIN - 00168992

**Rishi Gupta**  
Managing Director  
& Chief Executive Officer  
DIN - 01433190

**Ketan Merchant**  
Chief Financial Officer

**Basavraj Loni**  
Company Secretary &  
DVP - Legal  
Membership No - A23095

Place : Mumbai  
Date : April 30, 2024

Place : Navi Mumbai  
Date : April 30, 2024



## Statement of Profit and Loss for the period ended 31<sup>st</sup> March 2024

(₹ in '000)

Particulars		Schedule	For the Year ended 31 March 2024	For the Year ended 31 March 2023
<b>I</b>	<b>INCOME</b>			
	Interest earned	13	15,00,460	9,48,649
	Other income	14	1,32,83,351	1,13,50,484
			<b>1,47,83,811</b>	<b>1,22,99,133</b>
<b>II</b>	<b>EXPENDITURE</b>			
	Interest expended	15	7,89,006	4,73,686
	Operating expenses	16	1,31,26,196	1,11,74,577
	Provisions and contingencies		6,369	-
			<b>1,39,21,571</b>	<b>1,16,48,263</b>
<b>III</b>	<b>PROFIT/LOSS</b>			
	Net profit /(loss) for the year		8,62,240	6,50,870
	Profit/(loss) brought forward		(24,67,642)	(27,16,759)
			<b>(16,05,402)</b>	<b>(20,65,889)</b>
<b>IV</b>	<b>APPROPRIATIONS</b>			
	Transfer to Statutory Reserve		2,15,560	1,62,718
	Transfer to Investment Fluctuation Reserve		98,601	2,39,035
	Balance carried over to Balance Sheet		<b>(19,19,563)</b>	<b>(24,67,642)</b>
	<b>EARNING PER EQUITY SHARE (Face value of ₹10 per share)</b>			
	Basic (₹)		10.36	7.82
	Diluted (₹)		10.36	7.82
	Significant accounting policies and notes to the financials	17 & 18		

The schedules and accompanying notes to accounts referred to above form an integral part of the Profit & Loss

As per our report of even date attached

**For A P Sanzgiri & Co**  
Chartered Accountants  
ICAI Firm Registration No: 116293W

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

**Abhijit Sanzgiri**  
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& Chief Executive Officer  
DIN - 01433190

**Ketan Merchant**  
Chief Financial Officer

**Basavraj Loni**  
Company Secretary &  
DVP - Legal  
Membership No - A23095

Place : Mumbai  
Date : April 30, 2024

Place : Navi Mumbai  
Date : April 30, 2024

## Cash Flow Statement for the period ended 31<sup>st</sup> March 2024

		(₹ in '000)	
Particulars		For the Year ended 31 March 2024	For the Year ended 31 March 2023
<b>I Cash Flow from operating activities</b>			
Net Profit/(Loss) for the Year before tax		8,63,013	6,50,870
Adjustments for:-			
Loss / (Profit) on Sale of Fixed Assets (Net)		(128)	170
Add : Non-Cash Expenditure			
Depreciation		5,34,456	4,18,547
Provision for doubtful debts and advances		5,596	-
Stock based compensation cost		43,988	76,274
Amortisation of Premium on HTM Investments		229	228
Gratuity		35,745	22,817
Compensated absence		12,867	12,149
		<b>14,95,766</b>	<b>11,81,055</b>
<b>Cash Flow before working capital changes</b>			
Adjustments for working capital changes:-			
Increase/(decrease) in deposits		49,53,930	41,44,770
(Increase)/decrease in advances		479	1,279
Increase/(decrease) in other liabilities and provisions		8,26,887	11,13,002
(Increase)/decrease in investments		(60,05,195)	(51,25,598)
(Increase)/decrease in other assets		(6,80,821)	(15,50,392)
Direct tax( paid)/received (net of refunds)		(23,199)	34,866
<b>Net Cash Flow from / (used in ) operating activities (A)</b>		<b>5,67,847</b>	<b>(2,01,018)</b>
<b>II Cash Flow from investing activities</b>			
Purchase of Fixed Asset (including capital work in progress)		(10,37,856)	(9,43,406)
Sale of Fixed assets		259	3,056
Equity Investment in Paysprint		-	(24,979)
<b>Net Cash flow from / (used in) Investing activities (B)</b>		<b>(10,37,597)</b>	<b>(9,65,329)</b>
<b>III Cash Flow from financing activities</b>			
Net Proceeds from issue of equity shares		-	-
Increase in Borrowings		27,85,855	18,44,110
<b>Net cash from financing activities (C)</b>		<b>27,85,855</b>	<b>18,44,110</b>
<b>IV Net (decrease)/increase in cash and cash equivalents during the year (A + B + C)</b>		<b>23,16,105</b>	<b>6,77,763</b>
<b>V Cash and cash equivalents at the beginning of the year</b>		<b>83,39,395</b>	<b>76,61,632</b>
<b>VI Cash and cash equivalents at the end of the year</b>		<b>1,06,55,500</b>	<b>83,39,395</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)		31,74,331	21,99,434
(ii) Balances with banks and money at call and short notice (Refer Schedule 7)		74,81,169	61,39,961
<b>Cash and cash equivalents at the end of the year</b>		<b>1,06,55,500</b>	<b>83,39,395</b>

As per our report of even date attached

**For A P Sanzgiri & Co**

Chartered Accountants

ICAI Firm Registration No: 116293W

For and on behalf of the Board of Directors

**Fino Payments Bank Limited**

**Abhijit Sanzgiri**

Partner

Membership No: 043230

**Rajat Kumar Jain**

Part Time Chairman

DIN - 00046053

**Deena Mehta**

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Managing Director

& Chief Executive Officer

DIN - 01433190

**Ketan Merchant**

Chief Financial Officer

**Basavraj Loni**

Company Secretary &

DVP - Legal

Membership No - A23095

Place : Mumbai

Date : April 30, 2024

Place : Navi Mumbai

Date : April 30, 2024

## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 1. CAPITAL

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>Authorised Capital</b>		
90,000,000 ordinary equity shares of ₹10/- each	9,00,000	8,50,000
(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	8,32,143	8,32,143
(previous year 83,214,302 ordinary equity shares of ₹ 10/- each)		
<b>TOTAL</b>	<b>8,32,143</b>	<b>8,32,143</b>

### 2. RESERVES & SURPLUS

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>1. Statutory Reserve</b>		
(i) Opening balance	3,20,756	1,58,038
(ii) Addition during the period	2,15,560	1,62,718
(iii) Deduction during the period	-	-
<b>Total</b>	<b>5,36,316</b>	<b>3,20,756</b>
<b>2. Capital Reserve</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>3. Revaluation Reserve</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period (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	64,91,950	64,91,950
(ii) Addition during the period	-	-
(iii) Deduction during the period	-	-
<b>Total</b>	<b>64,91,950</b>	<b>64,91,950</b>
<b>5. Revenue &amp; Other Reserves</b>		
(i) Opening balance	-	-
(ii) Addition during the period	-	-
(iii) Deduction during the period	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>6. Investment Fluctuation Reserve</b>		
(i) Opening balance	2,40,121	1,086
(ii) Addition during the period	98,601	2,39,035
(iii) Deduction during the period	-	-
<b>Total</b>	<b>3,38,722</b>	<b>2,40,121</b>
<b>7. Balance in Statement of Profit &amp; Loss</b>	<b>(19,19,563)</b>	<b>(24,67,642)</b>
<b>TOTAL ( 1 to 7)</b>	<b>54,47,425</b>	<b>45,85,185</b>

## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 3. DEPOSITS

(₹ in '000)

Particulars		31 March 2024	31 March 2023
A.	<b>1. Demand deposits</b>		
	i) From banks	-	-
	ii) From others	1,47,623	55,656
	<b>Total</b>	<b>1,47,623</b>	<b>55,656</b>
	<b>2. Savings bank deposits</b>	<b>1,39,77,777</b>	<b>91,15,814</b>
	<b>3. Term deposits</b>		
	i) From banks	-	-
	ii) From others	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
	<b>TOTAL (1 to 3)</b>	<b>1,41,25,400</b>	<b>91,71,470</b>
B.	<b>i. Deposits of branches in India</b>	1,41,25,400	91,71,470
	<b>ii. Deposits of branches outside India</b>	-	-
	<b>TOTAL</b>	<b>1,41,25,400</b>	<b>91,71,470</b>

### 4. BORROWINGS

(₹ in '000)

Particulars		31 March 2024	31 March 2023
1.	<b>Borrowings in India</b>		
	(i) Reserve Bank of India	-	-
	(ii) Other banks	34,50,566	28,23,343
	(iii) Other institutions and agencies	36,75,934	15,17,302
	<b>Total</b>	<b>71,26,500</b>	<b>43,40,645</b>
2.	<b>Borrowings outside India</b>	-	-
	<b>TOTAL (1 + 2)</b>	<b>71,26,500</b>	<b>43,40,645</b>
	Secured borrowings included in 1 & 2 above	<b>51,88,394</b>	<b>36,96,837</b>

### 5. OTHER LIABILITIES AND PROVISIONS

(₹ in '000)

Particulars		31 March 2024	31 March 2023
1.	Bills payable	-	-
2.	Inter office adjustments (Net)	-	-
3.	Interest accrued	9,148	3,611
4.	Others (including provisions)	64,98,388	56,22,830
	<b>TOTAL (1 to 4)</b>	<b>65,07,536</b>	<b>56,26,441</b>

### 6. CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000)

Particulars		31 March 2024	31 March 2023
1.	Cash in hand	14,416	46,153
2.	Balances with Reserve Bank of India		
	(i) In current account	31,59,915	21,53,281
	(ii) In other accounts	-	-
	<b>TOTAL (1 + 2)</b>	<b>31,74,331</b>	<b>21,99,434</b>

## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 7. BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>1. In India</b>		
(i) Balances with banks		
a) In current accounts	30,65,364	17,37,864
b) In other deposit accounts	44,15,805	44,02,097
(ii) Money at call and short notice		
a) With banks	-	-
b) With other institutions	-	-
<b>Total (i+ii)</b>	<b>74,81,169</b>	<b>61,39,961</b>
<b>2. 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>74,81,169</b>	<b>61,39,961</b>

### 8. INVESTMENTS

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>1. Investments in India in</b>		
(i) Government securities	1,74,44,322	1,14,39,356
(ii) Other approved securities	-	-
(iii) Shares	24,979	24,979
(iv) Debentures & bonds	-	-
(v) Subsidiaries / joint venture	-	-
(vi) Others	-	-
<b>Total</b>	<b>1,74,69,301</b>	<b>1,14,64,335</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>1,74,69,301</b>	<b>1,14,64,335</b>

## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 8. INVESTMENTS *Contd.*

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>3 Investments</b>		
(i) Gross value of investments		
a) In India	1,74,69,301	1,14,64,335
b) Outside India		
(ii) Provision for depreciation		
a) In India	-	-
b) Outside India	-	-
(iii) Net value of investments		
a) In India	1,74,69,301	1,14,64,335
b) Outside India	-	-
<b>Total</b>	<b>1,74,69,301</b>	<b>1,14,64,335</b>

### 9. ADVANCES

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>A.</b>		
(i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	689	1,168
<b>Total</b>	<b>689</b>	<b>1,168</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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>C1. Advances in India</b>		
(i) Priority sector	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	689	1,168
<b>Total</b>	<b>689</b>	<b>1,168</b>
<b>C2. 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>689</b>	<b>1,168</b>

### 10. FIXED ASSETS

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>1. Premises (including land)</b>		
(i) At cost at 31 March of the preceding period	-	-
(ii) Additions during the period	-	-
(iii) Deductions during the period	-	-
(iv) Accumulated depreciation to date	-	-
<b>Total (i+ii-iii-iv)</b>	<b>-</b>	<b>-</b>

## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 10. FIXED ASSETS *Contd.*

(₹ in '000)

Particulars	31 March 2024	31 March 2023
<b>2. Other Fixed Assets ( including furniture and fixtures)</b>		
(i) At cost at 31 March of the preceding period	32,56,480	23,67,118
(ii) Additions during the period	6,19,357	8,94,794
(iii) Deductions during the period	583	5,432
(iv) Accumulated depreciation to date	23,96,168	18,62,164
<b>Total (i+ii-iii-iv)</b>	<b>14,79,086</b>	<b>13,94,316</b>
<b>3. Assets given on Lease</b>		
(i) At cost at 31 March of the preceding period	-	-
(ii) Lease equalisation - opening balance	-	-
(iii) Additions during the period	-	-
(iv) Less: Provision held	-	-
(v) Accumulated depreciation to date	-	-
<b>Total (i+ii+iii-iv-v)</b>	<b>-</b>	<b>-</b>
<b>4. Capital work in progress</b>	<b>4,73,301</b>	<b>54,802</b>
<b>TOTAL (1 to 4)</b>	<b>19,52,387</b>	<b>14,49,118</b>

### 11. OTHER ASSETS

(₹ in '000)

Particulars	31 March 2024	31 March 2023
1. Inter-office adjustment (Net)	-	-
2. Interest accrued	68,101	53,925
3. Tax paid in advance/tax deducted at source (Net of provision)	1,10,059	88,406
4. Stationery and stamps	-	-
5. Deferred tax assets (Net)	-	-
6. Others	39,35,087	32,67,669
<b>TOTAL (1 to 6)</b>	<b>41,13,247</b>	<b>34,10,000</b>

### 12. CONTINGENT LIABILITIES

(₹ in '000)

Particulars	31 March 2024	31 March 2023
1. Claims against the bank not acknowledged as debts	-	-
2. Liability for partly paid investment	-	-
3. Liability on account of outstanding forward exchange contracts	-	-
4. Liability on account of outstanding derivative contracts		
(i) Interest rate swaps	-	-
(ii) Cross currency swaps	-	-
(iii) Currency options	-	-
(iv) Currency futures	-	-
(v) Interest rate futures	-	-
5. Guarantees given on behalf of constituents		
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable		
a) Income tax & other matters (under appeal)	-	-
b) Others	1,31,836	70,776
<b>TOTAL (1 to 7)</b>	<b>1,31,836</b>	<b>70,776</b>



## Schedules to the Financial Statements as at 31<sup>st</sup> March 2024

### 13. INTEREST EARNED

(₹ in '000)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1. Interest / Discount on Advances / bills	95	124
2. Income on Investments	11,60,012	6,65,104
3. Interest on balances with Reserve Bank of India and other inter-bank funds	3,37,086	2,57,348
4. Other interest	3,267	26,073
<b>TOTAL (1 to 4)</b>	<b>15,00,460</b>	<b>9,48,649</b>

### 14. OTHER INCOME

(₹ in '000)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1. Commission, Exchange and Brokerage	1,25,12,077	1,04,79,783
2. Profit/(loss) on sale of Investments (Net)	-	(3,015)
3. Profit/(loss) on sale of land, building and other assets (Net)	128	(170)
4. Profit/(loss) on exchange transactions (Net)	10	(41)
5. Miscellaneous Income	7,71,136	8,73,927
<b>TOTAL (1 to 5)</b>	<b>1,32,83,351</b>	<b>1,13,50,484</b>

### 15. INTEREST EXPENDED

(₹ in '000)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1. Interest on Deposits	2,77,580	1,82,248
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	1,85,674	67,330
3. Others	3,25,752	2,24,108
<b>TOTAL (1 to 3)</b>	<b>7,89,006</b>	<b>4,73,686</b>

### 16. OPERATING EXPENSES

(₹ in '000)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1. Payments to and provisions for employees	17,73,701	15,56,073
2. Rent, taxes and lighting	1,79,089	1,48,841
3. Printing and stationery	27,253	22,952
4. Advertisement and publicity	95,388	1,16,242
5. Depreciation on banks property	5,34,456	4,18,547
6. Director's fees allowances and expenses	11,238	9,490
7. Auditors' fees and expenses (Refer Note 60 of Schedule 18) (Including branch auditor's fees and expenses)	6,068	6,819
8. Law Charges	69,055	33,529
9. Postage, Telegrams, Telephones, etc.	2,47,425	1,97,965
10. Repairs and maintenance	1,04,087	1,13,754
11. Insurance	71,176	52,281
12. Other Expenditure	1,00,07,260	84,98,084
<b>TOTAL (1 to 12)</b>	<b>1,31,26,196</b>	<b>1,11,74,577</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 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 Third Schedule of the Banking Regulation Act, 1949, directions, 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 Companies Act, 2013 read together with the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021, in so far as they apply to banks.

#### 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 recognized prospectively in the current and future periods.

### C. Principal accounting policy

#### 1. Investments

##### Classification:

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

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

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

##### 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.

## Schedule 17 - Significant Accounting Policies Appended to and Forming Part of The Financial Statements

### 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 or 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.

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.

## 1. 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.

## 2. 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 07<sup>th</sup> 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.

## Schedule 17 - Significant Accounting Policies Appended to and Forming Part of The Financial Statements

### 3. 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.

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
Computer hardware	3 Years
Servers & Networks	6 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, Servers & Networks, 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.

### 4. 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.

### 5. 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.

### 6. 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

- (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.

### 7. 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.

### 8. Taxation

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

#### Current tax

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

#### Deferred taxation

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

#### Minimum Alternate Tax ('MAT')

MAT under the provisions of the Income Tax Act, 1961 is recognised as current tax in the 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.

## Schedule 17 - Significant Accounting Policies Appended to and Forming Part of The Financial Statements

### 9. 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.

### 10. 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.

### 11. 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.

### 12. 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.

### 13. 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 quarterly 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.

## Schedule 17 - Significant Accounting Policies Appended to and Forming Part of The Financial Statements

### **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.

### **14. Segment Information**

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

### **15. 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.

### **16. 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 2024

### 1. Regulatory Capital :

#### 1.1. Composition of Regulatory Capital

As per the RBI Circular RBI/2016-17/80 DBR.NBD.No.25/16.13.218/2016-17 read with separate letter received by Payments Banks 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 2024.

Capital Adequacy Ratio (CRAR) as per the operating guidelines and as per Basel II Standardized Approach for Credit Risk, as at 31 March 2024 is given below:

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Common Equity Tier 1 capital (CET 1)	532.49	502.67
(ii) Additional Tier 1 capital	-	-
(iii) Tier 1 capital (i + ii)	532.49	502.67
(iv) Tier 2 capital	33.87	24.01
(v) Total capital (Tier 1+Tier 2)	566.36	526.68
(vi) Total Risk Weighted Assets (RWAs)	760.21	612.09
(vii) Common Equity Tier 1 (CET) Capital Ratio (%)	70.05%	82.12%
(viii) Tier I Capital Ratio (%)	70.05%	82.12%
(ix) Tier II Capital Ratio (%)	4.45%	3.93%
(x) Total Capital Ratio (CRAR) (%)	74.50%	86.05%
(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	-	-
(xiii) Amount of Additional Tier 1 capital raised during the year	-	-
(xvi) Amount of Tier 2 capital raised during the year	9.86	23.90

### 2. Investments :

#### 2.1 Movement of investments:

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>(1) Value of investments</b>		
(i) Gross value of investments		
(a) In India	1,746.93	1,146.43
(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	1,746.93	1,146.43
(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	-	-

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>(3) Movement of Investment fluctuation Reserve</b>		
(i) Opening balance	24.01	0.11
(ii) Add: Amount transferred during the year	9.86	23.90
(iii) Less: Drawdown	-	-
(iv) Closing balance	33.87	24.01
<b>(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b>	2.00%	2.20%

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:

(₹ in crore)

Category	As at 31 March 2024		As at 31 March 2023	
	₹ in crore	%	₹ in crore	%
Held to maturity	53.32	3.05%	53.34	4.65%
Available for Sale	1,693.61	96.95%	1,093.09	95.35%
Held for Trading	-	-	-	-
<b>Total</b>	<b>1,746.93</b>	<b>100.00%</b>	<b>1,146.43</b>	<b>100.00%</b>

### 2.2 Repo / Reverse Repo transactions:

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2024 are as follows:

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2024
<b>Securities sold under repo</b>				
(i) Government securities	59.08	595.88	490.03	367.92
(ii) Corporate debt securities	-	-	-	-
(iii) Any other securities	-	-	-	-
<b>Securities purchased under reverse repo</b>				
(i) Government securities	1.00	96.00	6.42	0.00
(ii) Corporate debt securities	-	-	-	-
(iii) 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 2023 are as follows :

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March 2024
<b>Securities sold under repo</b>				
(i) Government securities	21.00	569.83	420.47	152.12
(ii) Corporate debt securities	-	-	-	-
(iii) Any other securities	-	-	-	-
<b>Securities purchased under reverse repo</b>				
(i) Government securities	10.00	17.00	15.43	-
(ii) Corporate debt securities	-	-	-	-
(iii) 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 2024

### 2.3 Composition of Investment Portfolio

(₹ in crore)

Particulars	Investments in India as at 31 March 2024						
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India
<b>(a) Held to Maturity</b>							
Gross	50.82	-	2.50	-	-	-	53.32
Less: Provision for non-Performing investments(NPI)	-	-	-	-	-	-	-
<b>Net</b>	<b>50.82</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.32</b>
<b>(b) Available for Sale</b>							
Gross	1,693.61	-	-	-	-	-	1,693.61
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,693.61</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,693.61</b>
<b>(c) Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(d) Total Investments</b>	<b>1,744.43</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746.93</b>
Less: Provision for non-Performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,744.43</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746.93</b>

(₹ in crore)

Particulars	Investments in India as at 31 March 2023						
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India
<b>(a) Held to Maturity</b>							
Gross	50.84	-	2.50	-	-	-	53.34
Less: Provision for non-Performing investments(NPI)	-	-	-	-	-	-	-
<b>Net</b>	<b>50.84</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.34</b>
<b>(b) Available for Sale</b>							
Gross	1,093.09	-	-	-	-	-	1,093.09
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,093.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,093.09</b>
<b>(c) Held for Trading</b>							
Gross	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

(₹ in crore)

Particulars	Investments in India as at 31 March 2023						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	
(d) Total Investments	1,143.93	-	2.50	-	-	-	1,146.43
Less: Provision for non-Performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation And NPI	-	-	-	-	-	-	-
<b>Net</b>	<b>1,143.93</b>	<b>-</b>	<b>2.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,146.43</b>

**Note:** The Bank does not have Investments outside India.

### 2.4 Non SLR investment portfolio:

The Board of Directors at its meeting held on 10 April 2022 has approved a minority strategic investment in Paysprint Private Limited a “Fintech” company. The Board of Directors of PaySprint Private Limited has approved the allotment of 867 equity shares of face value of ₹10 each to the Bank at a premium of ₹28,801 per share, aggregating to the total investment of ₹2.50 Crs representing 7.98% of paid up share capital of Paysprint Private Limited. The investment is classified in Held to Maturity (HTM) category, in accordance with the RBI guidelines.

### 2.5 Sale and transfer to / from HTM category:

As per the Operating guidelines, Payments 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 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 Payments Banks are not permitted to lend to any person including their directors. However, Payments 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 2024, the Bank had classified employee loan amounting to ₹0.07 Crore as advances (Previous Year ₹0.12 Crore).The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

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

## 5. Business ratios :

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Interest income as % to Working funds <sup>1</sup>	5.44%	5.16%
(ii) Non-interest income as % to Working funds	48.14%	61.71%
(iii) Operating profit <sup>2</sup> as % to Working funds	3.15%	3.54%
(iv) Return on assets (Working funds)	3.12%	3.54%
(v) Business <sup>3</sup> (Deposit plus advance) per employee (₹ in crore)	0.51	0.32
(vi) Profit per employee <sup>4</sup> (₹ in crore)	0.03	0.02
(vii) Cost of Deposits	1.97%	1.99%
(viii) Net Interest Margin <sup>5</sup>	3.77%	3.55%

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

<sup>1</sup>Working funds to be reckoned as average of total assets (excluding accumulated losses, if any)

<sup>2</sup>Operating profit is net profit for the year before provisions and contingencies.

<sup>3</sup>Business is the total of net advances and deposits (net of inter-bank deposits).

<sup>4</sup>Productivity ratios are based on average employee number.

<sup>5</sup>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 2024 and 31 March 2023

(₹ in crore)

Particulars	As at 31 March 2024					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	101.46	-	1397.85	712.65	-	-
2 to 7 days	140.15	-	-	-	-	-
8 to 14 days	0.25	-	-	-	-	-
15 to 30 days	154.64	-	332.40	-	-	-
31 days to 2 months	15.60	-	11.49	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	71.86	-	0.16	-	-	-
Over 6 months to 1 year	-	0.07	0.15	-	-	-
Over 1 year to 3 years	928.58	-	0.00	-	0.42	0.42
Over 3 years to 5 years	-	-	2.37	-	-	-
Over 5 years	-	-	2.50	-	-	-
<b>Total</b>	<b>1,412.54</b>	<b>0.07</b>	<b>1,746.93</b>	<b>712.65</b>	<b>0.42</b>	<b>0.42</b>

(₹ in crore)

Particulars	As at 31 March 2023					
	Deposits	Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 day	65.37	-	874.38	434.06	-	-
2 to 7 days	91.21	-	-	-	-	-
8 to 14 days	0.11	-	-	-	-	-
15 to 30 days	100.55	-	264.53	-	-	-
31 days to 2 months	9.84	-	2.76	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	46.41	-	-	-	-	-
Over 6 months to 1 year	0.00	0.12	2.19	-	-	-
Over 1 year to 3 years	603.65	-	0.07	-	0.42	0.42
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	2.50	-	-	-
<b>Total</b>	<b>917.14</b>	<b>0.12</b>	<b>1,146.43</b>	<b>434.06</b>	<b>0.42</b>	<b>0.42</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 2024 and as at 31 March 2023. Accordingly, the disclosure requirements with respect to exposure to real estate sector are not applicable.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 7.2 Capital market exposure :

(₹ in crore)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2.50	2.50
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total exposure to capital market</b>	<b>2.50</b>	<b>2.50</b>

### 7.3 Risk category wise country exposure :

The Bank's exposures are concentrated in India as at 31 March 2024 and as at 31 March 2023. 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 Payments Banks, Payments 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 Payments Banks, Payments Banks are not permitted to lend to any person, accordingly, the disclosure requirements with respect to unsecured advances is not applicable.

## 8. Penalties:

During the year ended 31 March 2024 and 31 March 2023, 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.

However, a penalty of ₹ 5 lakhs was imposed on the Bank by regulator FIU-IND during the year ended 31 March 2024 on account of failure of the Bank to evolve an effective internal mechanism to detect and report suspicious DMT transactions conducted via CBC mode. Consequently, the Bank has put in place monitoring mechanism for detection and reporting of suspicious DMT transactions carried out by Corporate Business Correspondent.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 9. Employee benefits :

#### Defined contribution plans:

Employer's contribution recognized and charged off for the year to defined contribution plans are as under: (₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Provident fund	5.14	4.48
Pension fund	4.09	3.85
<b>Total</b>	<b>9.23</b>	<b>8.33</b>

#### 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 31 March 2024	As at 31 March 2023
Opening defined benefit obligation as at 01 April	11.60	10.59
Current service cost	1.80	1.67
Interest cost	0.84	0.59
Actuarial (gains)/losses	0.94	0.01
Benefits paid	(1.33)	(1.26)
Past service cost	-	-
Transfer from/to group companies	-	-
<b>Closing defined benefit obligation as at 31 March</b>	<b>13.85</b>	<b>11.60</b>

#### Change in the plan assets

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
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 31 March 2024	As at 31 March 2023
Present value of funded obligation at 31 March	13.85	11.60
Fair value of plan assets at 31 March	-	-
Deficit/(Surplus)	(13.85)	(11.60)
Net Liability/(Asset)	(13.85)	(11.60)



## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### Net cost recognized in the Profit and Loss Account

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Current service cost	1.80	1.67
Interest cost	0.84	0.59
Past service cost	-	-
Net actuarial (gains)/losses recognised during the year	0.94	0.01
<b>Total cost of defined benefit plans included in Schedule 16 payments to and provisions for employees</b>	<b>3.58</b>	<b>2.27</b>

### Reconciliation of opening and closing net liability/(asset) recognised in balance sheet

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Opening net liability as at 01 April	11.60	10.59
Expenses recognised in Statement of Profit and Loss	3.58	2.27
Employers contribution	(1.33)	(1.26)
Transfer from/to group companies	-	-
<b>Net liability/(asset) recognised in balance sheet</b>	<b>13.85</b>	<b>11.60</b>

### Key Actuarial Assumptions

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Discount rate	7.15%	7.25%
Expected rate of return on plan asset	-	-
Salary escalation	9.10%	8.40%
Withdrawal rate	30%	30%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

### Experience Adjustment

(₹ in crore)

Particulars	2023-24	2022-23	2021-22	2020-21	2019-20
On Plan liabilities (gains) /losses	0.59	0.67	0.32	0.09	0.43
On Plan assets (losses)/gains	-	-	-	-	-

## 10. Unamortized Pension and Gratuity liabilities :

As at 31 March 2024, 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.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

(₹ in crore)

Particulars	For the Year ended 31 March 2024				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Gross revenue	149.71	-	310.51	1,017.81	1,478.03
Unallocated revenue	-	-	-	-	0.35
Less: Intersegment revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>149.71</b>	<b>-</b>	<b>310.51</b>	<b>1,017.81</b>	<b>1,478.38</b>
Segment results	97.51	-	106.03	146.29	349.83
Unallocated expenses	-	-	-	-	263.53
Operating profit	-	-	-	-	86.30
Income tax (including deferred tax)	-	-	-	-	0.08
<b>Net profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86.22</b>
Segment assets	2,508.81	-	94.63	468.14	3,071.58
Unallocated assets	-	-	-	-	347.53
<b>Total assets</b>	<b>2,508.81</b>	<b>-</b>	<b>94.63</b>	<b>468.14</b>	<b>3,419.11</b>
Segment liabilities	542.02	-	1,560.99	593.23	2,696.24
Unallocated liabilities	-	-	-	-	79.69
<b>Total liabilities</b>	<b>542.02</b>	<b>-</b>	<b>1,560.99</b>	<b>593.23</b>	<b>2,775.93</b>

(₹ in crore)

Particulars	For the Year ended 31 March 2023				
	Treasury	Corporate / Wholesale Banking	Retail Banking	Other Banking Operations	Total
Gross revenue	91.94	-	224.13	911.20	1,227.27
Unallocated revenue	-	-	-	-	2.64
Less: Intersegment revenue	-	-	-	-	-
<b>Total Revenue</b>	<b>91.94</b>	<b>-</b>	<b>224.13</b>	<b>911.20</b>	<b>1,229.91</b>
Segment results	67.63	-	121.09	83.43	272.15
Unallocated expenses	-	-	-	-	207.07
Operating profit	-	-	-	-	65.08
Income tax (including deferred tax)	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65.08</b>
Segment assets	1,795.30	-	97.24	319.56	2,212.10
Unallocated assets	-	-	-	-	254.30
<b>Total assets</b>	<b>1,795.30</b>	<b>-</b>	<b>97.24</b>	<b>319.56</b>	<b>2,466.40</b>
Segment liabilities	201.77	-	988.88	660.96	1,851.61
Unallocated liabilities	-	-	-	-	62.24
<b>Total liabilities</b>	<b>201.77</b>	<b>-</b>	<b>988.88</b>	<b>660.96</b>	<b>1,913.85</b>

Notes:

- Other Banking Operations includes Business Correspondent services, Domestic Money Transfer, Micro-ATM & Aadhaar enabled Payment System (AePS).
- Pursuant to the segment reporting requirement of the RBI previous year numbers are reported under the best allocable segment i.e Other Banking Operations.
- 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 2024

### 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 2024 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) Wife - Roli Gupta
- b) Sons - Prajwal Gupta, Pranav Gupta
- c) Brother - Gautam Gupta

#### 4. Fellow Subsidiaries

Fino Finance Private Limited

Fino Financial Services Private Limited

Fino Trusteeship Services Limited

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2024:

(₹ in crore)

Items / Related Party	Parent	Fellow Subsidiaries	Associates / Joint ventures / Subsidiaries	KMP	Relatives of KMP	Total
Rendering of services	2.03	-	-	-	-	2.03
Reimbursement of expenses	3.46	-	-	-	-	3.46
Receipt of services	1.44	-	-	-	-	1.44
Remuneration	-	-	-	-	-	-
Balances payable	-	-	-	-	-	-
Balance receivable	0.71	0.01	-	-	-	0.72

The following represents the significant transactions between the Bank and such related parties during the year ended 31 March 2023:

(₹ in crore)

Items / Related Party	Parent	Fellow Subsidiaries	Associates / Joint ventures / Subsidiaries	KMP	Relatives of KMP	Total
Rendering of services	2.58	0.02	-	-	-	2.60
Reimbursement of expenses*	11.56	-	-	-	-	11.56
Receipt of services	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-
Balances payable	-	-	-	-	-	-
Balance receivable	0.96	0.01	-	-	-	0.97

\*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)

In accordance with RBI guidelines dated 29 March 2003 on 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.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 13. Deferred tax (AS-22) :

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
<b>Deferred tax assets :</b>		
Depreciation on fixed assets	7.34	11.89
Unabsorbed depreciation on fixed assets	13.00	18.04
Business loss	13.17	38.67
Employee benefits	3.78	4.42
Provision for doubtful debts	1.58	2.00
Provision for Rent Straight Lining	0.16	0.00
<b>Total</b>	<b>39.03</b>	<b>75.02</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	For the Year ended 31 March 2024	For the Year ended 31 March 2023
(i) Provision made towards NPAs/write off/sacrifice for Restructured Advance/Debt relief as per RBI guidelines	-	-
a) For Advances	-	-
b) For Investments	-	-
c) For Leased Assets	-	-
(ii) Provision towards Standard Advances	-	-
(iii) Provision for depreciation on investments	-	-
(iv) Provision / (Write back) for Credit card reward points	-	-
(v) Provision for others	0.56	-
(vi) Provision towards Income tax	0.08	-
(vii) Provision towards deferred tax (net)	-	-

### 15. Appropriation to / Withdrawal from Reserve :

#### (i) Statutory Reserve :

The Bank has made an appropriation of ₹21.56 Crores (31 March 2023: ₹16.27 crore) out of profits for the year ended 31 March 2024 to Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated 23 September 2000.

#### (ii) Investment Fluctuation Reserve :

During the year ended 31 March 2024, the Bank has transferred an amount of ₹9.86 Crores (Previous year: ₹23.90 crore) 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 2024

### 16. Disclosure of complaints / unimplemented awards of Banking Ombudsman for the year ended 31 March 2024 :

#### A. Summary information on complaints received by the bank from customers and from the Office of Banking Ombudsman (OBO)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
<b>Complaints received by the bank from its customers</b>		
(i) Number of complaints pending at beginning of the year	1,259	367
(ii) Number of complaints received during the year	66,450	50,391
(iii) Number of complaints disposed during the year	65,503	49,499
Of which, number of complaints rejected by the bank	2,699	17,748
(iv) Number of complaints pending at the end of the year	2,206	1,259
<b>Maintainable complaints received by the bank from OBOs</b>		
(v) Number of maintainable complaints received by the bank from OBOs	218	161
Of 5, number of complaints resolved in favour of the bank by BOs	77	64
Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	141	97
Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
(vi) 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 2024</b>					
(i) A/c Restricted/ Lien marked due to complaint received from LEA/ Cyber Cell/ Legal Authorities	182	17,056	240%	166	-
(ii) Analysis, Suspected Fraud A/c Freeze, Docs requested from the Customer	243	15,010	29%	195	-
(iii) ATM Transaction Dispute, Cash not received	226	9,916	(5%)	115	1
(iv) Delay in Account Opening	59	3,622	19%	192	12
(v) Customer complaint against Delay/ Failure of UPI transactions	110	3,600	103%	560	247

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

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 2023</b>					
(i) Analysis, Suspected Fraud A/c Freeze, Docs requested from the CM.	55	11,673	30%	243	-
(ii) ATM Transaction Dispute.	122	10,410	28%	226	7
(iii) A/c Restricted due to complaint received from LEA.	12	5,017	344%	182	-
(iv) Fraud Victim Customer & Merchant Complaint.	13	4,579	197%	78	5
(v) Delay In Account Opening.	44	3,051	(63%)	59	-

### 17. Letter of comfort :

Bank has not issued any letters of comfort during the year ending 31 March 2024 and 31 March 2023.

### 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	For the Year ended 31 March 2024	For the Year ended 31 March 2023
(i) Fee/ brokerage from Life insurance business	-	-
(ii) Fee/ brokerage from General insurance business	1.38	0.69
<b>Total fees from Bancassurance Business</b>	<b>1.38</b>	<b>0.69</b>

### 20. Concentration of deposits, advances, exposures and NPAs :

#### 20.1 Concentration of deposits:

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total deposits of twenty largest depositors	0.39	0.39
Percentage of Deposits of twenty largest depositors to Total deposits as at the year end	0.03%	0.04%

#### 20.2 Concentration of Advances:

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Total advances of twenty largest borrowers#	0.07	0.12
Percentage of borrowers of twenty largest borrowers to Total advances as at the year end	100%	100%

# Refer Note 2 of Significant Accounting Policies

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 20.3 Concentration of Exposures:

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, 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, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, 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 Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, 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 Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, 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 2024 and as at 31 March 2023 and no overseas operations were undertaken during the year ended 31 March 2024 and 31 March 2023. 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, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023 the Bank has not provided any advances and accordingly, the disclosure requirements with respect to Particulars of resolution plan and restructuring are not applicable.

### 26. Movement of Technical / Prudential Written off Accounts :

The Bank has not written off any accounts For the year ended 31 March 2024 and 31 March 2023.

### 27. Divergence in asset classification and provisioning :

As per Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, 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, Payments Banks are not permitted to lend to any person including their directors. As at 31 March 2024 and as at 31 March 2023, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Disclosure of transfer of loan exposures are not applicable.



# Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

## 29. 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. Prakash Iyer, Chairman and Independent Director (ceased to be a Director w.e.f. June 30, 2023)
2. Mr. Rajat Kumar Jain, Member and Independent Director (appointed w.e.f. May 11, 2022)
3. Mr. Rakesh Bhartia, Chairman of the Committee and Independent Director (appointed as Member w.e.f. December 9, 2022 and as Chairman of the Committee w.e.f. July 24, 2023)
4. Mr. Prateek Roongta, Member and Nominee Director (appointed w.e.f. December 9, 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.

#### 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 follows a philosophy of Pay for Performance and Promote for Potential. Evaluation process for each Band is followed while performance is measured?

The performance evaluation is determined through KPI 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 KPIs).

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

**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.

**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	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1 (i)	Number of meetings held by the Nomination & Remuneration Committee during the financial period.	8	6
1 (ii)	Remuneration paid to its members during the financial period (₹ in crore).	0.13	0.12
2 (i)	Number of employees having received a variable remuneration award during the financial period.	4	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.	9.84	11.83
3 (ii)	Total amount of deferred remuneration paid out in the period.	9.86	Nil
4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	8.15	6.35
	Variable	9.12	6.96
	Deferred	7.78	6.01
	Non-deferred	1.34	0.94
5 (i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	22.68	Nil
5 (ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	Nil	Nil
5 (iii)	Total amount of reductions during the period due to ex-post implicit adjustments.	Nil	
6	Number of MRT's identified.	5	4
7 (i)	Number of cases where malus has been exercised.	0	0
7 (ii)	Number of cases where clawback has been exercised.	0	0

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### General Quantitative Disclosure:

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Total Mean pay of the Bank as a whole (excluding sub-staff) is ₹0.053 crore calculated on annualised basis. Deviation in the Fixed pay for WTD from the mean pay is 37 times for the FY 2023-24.	Total Mean pay of the Bank as a whole (excluding sub-staff) is ₹0.046 crore calculated on annualised basis. Deviation in the Fixed pay for WTD from the mean pay is 44 times for the FY 2022-23.

### 30. Disclosure on remuneration to Non-Executive Directors :

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board & its committees during the year ended 31 March 2024 amounted to ₹1.10 crore (previous year: ₹0.91 crore). Further, in accordance with RBI guidelines, remuneration to all Non-Executive Directors other than the Chairperson for the year ended 31 March 2024 amounted to ₹0.40 crore (previous year: ₹0.47 crore).

### 31. Disclosures relating to securitization :

As per the Operating guidelines Payments 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 2024 and as on 31 March 2023. Thus the disclosure is not applicable to the Bank.

### 33. Forward rate agreement/Interest rate swap :

There is no Forward rate agreement/ Interest rate swap as on 31 March 2024 and as on 31 March 2023. Thus the disclosure is not applicable to the 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)		
Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Opening balance of amounts transferred to DEA Fund	-	-
Add: Amounts transferred to DEA Fund during the year	-	-
Less: Amounts reimbursed by DEA Fund towards claims	-	-
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 2024 and as at 31 March 2023. Thus the disclosure is not applicable to the Bank.

### 37. Details of provisioning pertaining to fraud accounts :

During the year ended 31 March 2024, the Bank has reported 1,432 (Previous Year 50) cases of fraud (excluding LEA complaints) amounting to ₹8.00 Crore (Previous Year ₹1.36 crore), against which the Bank has made a provision of ₹6.08 crore (Previous Year ₹0.53 crore) adjusted for recovery.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

(₹ in crore)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Number of frauds reported	1,432	50
Amount involved in frauds	8.00	1.36
Provision made	6.08	0.53
Unamortized provision debited from 'other reserves'	-	-

### 38. Corporate Social Responsibility (CSR) :

The details of CSR activities are given as below :

(₹ in crore)

S. No	Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
1.	Amount required to be spent by the Bank during the year	0.88	0.25
2.	Amount of Expenditure incurred	0.88	0.25
3.	Shortfall at the end of the year	-	-
4.	Details of unspent CSR amount for the preceding three FY	-	-
5.	Reason for shortfall	NA	NA
6.	Nature of CSR Activities	i) Healthcare ii) Primary Education iii) Eradicating Hunger iv) Protection of Environment v) Employment enhancing vocal skill: Apprentice Training	i) Financial Literacy ii) Healthcare iii) Primary Education iv) Eradicating Hunger v) Protection of Environment vi) Employment enhancing vocal skill: Apprentice Training

### 39. Factoring Business :

The Operating Guidelines defines the scope of activities for Payments 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. Potential equity shares granted during the year have been considered for the calculation of Dilutive EPS since the average market price of the shares is more than the exercise price of the options.

(₹ in crore)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
<b>Basic earnings per share</b>		
Weighted average number of equity shares	8,32,14,302	8,32,14,302
Net profit after tax attributable for equity shareholders ( ₹ in Crore)	86.22	65.10
Basic Earnings per Share	10.36	7.82
<b>Diluted earnings per share</b>		
Weighted average number of equity shares (including dilutive potential equity shares)	8,32,65,061	8,32,14,302
Net Profit after tax attributable for equity shareholders ( ₹ in Crore)	86.22	65.10
Diluted Earnings Per share (F.V. ₹10 each) (Rupees)	10.36	7.82

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 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.

#### (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 :

- There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28 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.
- HDFC Bank Limited (Applicant) has filed a petition before the Debt Recovery Tribunal – II at Mumbai ("Debt Recovery Tribunal") against Fino Payments Bank (in the erstwhile name of the Bank i.e. Fino Fintech Foundation) and Fino PayTech Limited on 9 September 2014. The Bank acted as a business correspondent to the Applicant for rendering banking services on the Applicant's behalf, under the Memorandum of Understanding dated 28 August 2009, between the Applicant and Government of Haryana for implementation of scheme for electronic disbursement of various government entitlements. The Applicant has alleged certain irregularities by the Bank in its role as a business correspondent and has claimed that an amount of ₹ 1.86 crores, including damages, is owed by the Bank to the Applicant. According to the DRT Filing Department the claim is not maintainable before DRT since the amount involved in the matter does not qualify as a Debt under the definition of "Debt" as per DRT regulations hence shall be out of the purview of DRT. The Bank has not recorded contingent Liability in respect of the above litigation and objected the petition on the same ground and argued the matter in favour of the objection by the DRT filing Department.
- The Bank has received the order from Assistant Commissioner CGST & Central Excise Division-II, Bhopal Madhya Pradesh for GST demand of ₹7.92 Lakhs along with applicable interest and penalty demand of ₹22.57 lakhs for short reversal of Input tax Credit as per Rule 42 of CGST Rule, 2017 for the period 2017-18 to 2020-21. The Bank is in the process of filing the appeal with the Appellate Authority under sub-section (1) of Section 107 of GST Act, against the order passed by the assistant commissioner, CGST & Central Excise Division-II Bhopal as the order is not as per the provisions of law. The Bank is of the view that the appeal before the appellate authorities is likely to be decided in favor of the Bank, hence no provision is required. However, the Bank has disclosed as part of the contingent liability in the Balance Sheet.
- The 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 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, excluding Capital WIP, as included in fixed assets:

Particulars	(₹ in crore)	
	As at 31 March 2024	As at 31 March 2023
At cost at the beginning of the year 01 April	54.22	37.49
Additions during the year	17.27	16.73
Deductions during the year	-	-
Accumulated depreciation up to 31 March	41.65	33.84
Net block as at 31 March	29.84	20.38

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 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 Payments Banks, Payments Banks can accept only savings and current deposits. The aggregate limit per customer has been extended to ₹2,00,000 from 7 April 2021 by RBI as against the previous limit of ₹1,00,000. Payments 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 Suryoday SFB Bank in order to ensure adherence to RBI guidelines.

### 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)	
	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Not later than one year	10.80	9.31
Later than one year and not later than five years	28.55	22.89
Later than five years	6.64	2.97
<b>Total</b>	<b>45.99</b>	<b>35.17</b>
Lease payment recognized in Statement of Profit and Loss for the year*	12.28	11.96

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

### 46. 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 9 June 2014 and as amended from time to time, are not applicable to the Payments Banks and hence no disclosures have been provided.

### 47. Employee Stock Option Plan (“ESOP”) :

The Bank Granted 10,82,410 employee stock options during the year ended 31 March 2024.. 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	2023-24
Expected Volatility	26.65%-33.19%	20.68%-27.38%
Risk Free Interest rates	4.80%-5.68%	7.01%-7.05%
Fair value of option on grant date	176.02	142.39

### 48. Other Expenditure :

The following table sets forth, for the periods indicated, the details of Other Expenditure (exceeding 1% of the revenue):

Particulars	(₹ in crore)	
	For the Year ended 31 March 2024	
Business Correspondents & Merchant Commission	710.50	
NPCI Switching Fees & Interchange Expenses	133.36	
Consultancy Charges	49.13	
License Subscription Charges & Support Fees	18.35	
Debit Card Kits	17.03	

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 48. Other Expenditure : *Contd.*

(₹ in crore)

Particulars	For the Year ended 31 March 2023
Business Correspondents & Merchant Commission	648.41
NPCI Switching Fees & Interchange Expenses	87.11
Consultancy Charges	34.11
Consumption of Devices	21.08
License Subscription Charges & Support Fees	16.54

### 49. Other Income :

49.1 The following table sets forth, for the periods indicated, the details of Miscellaneous Income (exceeding 1% of the revenue):

(₹ in crore)

Particulars	For the Year ended 31 March 2024
Merchant Onboarding Fees	37.50
Debit Card Issuance & Annual Fees	24.00

(₹ in crore)

Particulars	For the Year ended 31 March 2023
Merchant Onboarding Fees	57.93
Debit Card Issuance & Annual Fees	14.27

49.2 The following table sets forth, for the periods indicated, the details of Commission, Exchange & Brokerage (Exceeding 1% of the revenue):

(₹ in crore)

Particulars	For the Year ended 31 March 2024
Income from Remittances	454.97
Account Subscription Fees	210.17
Cash Management Services	141.91
Corporate BC Banking	128.32
AePS Interchange Income	110.36
Digital payment services - UPI Payin	58.79
MATM Interchange Income	31.19
Transaction Processing Fees	28.70

(₹ in crore)

Particulars	For the Year ended 31 March 2023
Income from Remittances	421.93
Account Subscription Fees	158.35
AePS Interchange Income	133.78
Corporate BC Banking	124.82
Cash Management Services	103.95
MATM Interchange Income	44.03



## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 50. Other Assets & Other Liabilities :

(a) The following table sets forth, for the periods indicated, the details of Other Assets – Others (exceeding 1% of total assets):

(₹ in crore)	
Particulars	For the Year ended 31 March 2024
Advances towards Servers, Devices, Kits	108.96
Debtors	80.75
Inventory of Debit Card Kits	68.14

(₹ in crore)	
Particulars	For the Year ended 31 March 2023
Advances towards Servers, Devices, Kits	83.62
Debtors	72.71
Inventory of Debit Card Kits	41.37

(b) The following table sets forth, for the periods indicated, the details of Other Liabilities & Provisions – Others (including provisions) (exceeding 1% of total assets) :

(₹ in crore)	
Particulars	For the Year ended 31 March 2024
Earnest Money Deposit (BC Pool Account)	301.24
Settlement Obligations	141.79

(₹ in crore)	
Particulars	For the Year ended 31 March 2023
Earnest Money Deposit (BC Pool Account)	282.69
Third Party Settlement - Payment Services	85.65

### 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 28 September 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 13 November 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)		
Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Payment of DICGC Insurance Premium #	1.55	1.00
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 2024

### 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 :

(₹ in crore)

Particulars	As at 31 March 2024	As at 31 March 2023
Estimated amount of contracts remaining to be executed on capital account and not provided for	5.46	3.40

### 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.

(₹ in crore)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Income received in respect of the marketing and distribution <sup>#</sup>	0.77	0.97

<sup>#</sup>Includes referral fees from distribution of third party loans.

### 58. Disclosures regarding Priority Sector Lending Certificates (PSLCs) :

As per Operating Guidelines, Payments 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 2024 and 31 March 2023 and accordingly, the disclosure requirements with respect to PSLC are not applicable.

## Schedule 18 - Notes Forming Part of Financial Statements

For the year ended 31 March 2024

### 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 are as below:

(₹ in crore)

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023
Audit Fees (including Statutory Certifications)	0.60	0.46
Reimbursement of expenses	0.01	0.01

### 61. Application for transition into Small Finance Bank :

The Bank has applied for a licence to seek approval from the RBI for transition into an Small Finance Bank. The application has been submitted in accordance with the Guidelines for 'on tap' Licensing of Small Finance Banks in the Private Sector ('Guidelines') dated 5 December 2019.

62. The Board of Directors have not recommended any dividend for the financial year 2023-24.

63. There is no amount required to be transferred to Investor Education and Protection Fund by the Bank. (Previous year: Nil)

64. 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 A P Sanzgiri & Co**

Chartered Accountants

For and on behalf of the Board of Directors

**Fino Payments Bank Limited**

**Abhijit Sanzgiri**

Partner

Membership No: 043230

**Rajat Kumar Jain**

Part Time Chairman

DIN - 00046053

**Deena Mehta**

Independent Director

DIN - 00168992

**Rishi Gupta**

Managing Director

& Chief Executive Officer

DIN - 01433190

**Ketan Merchant**

Chief Financial Officer

**Basavraj Loni**

Company Secretary &

DVP - Legal

Membership No - A23095

Place : Mumbai

Date : April 30, 2024

Place : Navi Mumbai

Date : April 30, 2024



## Fino assets: People





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