



# FINO PAYTECH LIMITED

Annual Report for the F.Y. 2020-2021



## FINO PAYTECH LIMITED

### BOARDS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Standalone and Consolidated Financial Statements for the Financial year ended 31<sup>st</sup> March, 2021. Consolidated statements include the statements of Fino Payments Bank Limited Fino Finance Private Limited, Fino Financial Services Private Limited, Wholly Owned Subsidiaries and Fino Trusteeship Services Limited, Associate Company.

#### 1. Financial Highlights & Performance

The summarized standalone and consolidated financial results of the Company for the financial year ended March 31, 2021 as compared to the previous year are as under:

(Rs. in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2020-21 Current Year	2019-20 Previous Year	2020-21 Current Year	2019-20 Previous Year
Net Sales and other income	2233.86	6,414.21	86,037.22	85,291.29
Profit /(Loss) before Interest, Depreciation and Tax	(1142.24)	1,326.55	5612.23	7,384.90
Finance Charges	178.35	204.45	3957.24	5,640.52
Depreciation	228.03	282.84	6631.64	3,730.12
Profit /(Loss) before Tax and prior period items	(1548.62)	839.26	(4976.65)	(1,985.73)
Prior period items	-	-	-	-
<b>Profit /(Loss) before Tax</b>	<b>(1548.62)</b>	<b>839.26</b>	<b>(4976.65)</b>	<b>(1,985.73)</b>
<u>Tax expenses:</u>				
Current tax	-	33.28	8.26	48.38
Tax provision for earlier yrs.	-	-	-	-
Deferred	55.27	-	55.27	65.53
Mat Credit entitlement	-	-	-	-
<b>Net Profit /(Loss) after Tax</b>	<b>(1603.89)</b>	<b>805.98</b>	<b>(5040.18)</b>	<b>(2,099.64)</b>
Other Comprehensive Income	(156.60)	(38.03)	(199.57)	(119.83)
Balance of Profit /(Loss) carried forward to next year	(1760.49)	767.95	(5239.75)	(2,219.47)



## **FINO PAYTECH LIMITED**

The net revenue of the Company was Rs.2,233.86 lakhs as against Rs. 6,414.21 lakhs in the previous year. The loss before tax was Rs. 1548.62 lakhs as against Rs. 839.26/- lakhs profit in the previous year.

Bharat Petroleum Corporation Limited's (BPCL) investment in the Company is 23.03% (as on 31<sup>st</sup> March, 2021), therefore your Company is an Associate Company of the BPCL.

### **2. Payment of Dividend**

In view of the loss for the year ended, the Directors do not recommended any dividend on the equity shares of the Company for the financial year ended March 31, 2021.

### **3. Material changes and commitments/ Impact of COVID-19**

The COVID-19 pandemic continues to spread throughout the world. The performance of the Company operation was impacted, following nationwide lockdown by the Government of India.

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the Financial Statements for the year ended 31st March, 2021. The Company shall continue to closely monitor any material changes to future economic conditions.

The Company has resumed operations in a phased manner as per directives from the Government of India. The extent to which the pandemic will impact our future financial results is currently uncertain and will depend on various other economic developments. The Company will continue to monitor any material changes to future economic conditions.

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

### **4. Brief Description of the Company's working during the Year/State of Company's Affairs**

The Company is engaged in the business of providing technology solutions to various banks, insurance companies, government and non-government institutions and body corporates.

### **5. Highlights of the performance of Company's wholly-owned Subsidiary Companies & Associate Company**

Pursuant to the provisions of Sections 129, 133, 134 and 136 of the Companies Act, 2013 read with Rules framed thereunder ("the Act"), the Company has prepared Audited Consolidated Financial Statements of the Company and Audited Financial Statement of its subsidiaries and associate Company.

The performance and financial position of each of the Subsidiaries and Associates companies are detailed in Statement containing salient features of the financial



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statements of Subsidiaries/ Associate Companies in form AOC- I which is prepared pursuant to Section 129 of the Companies Act, 2013 and forms part of the Annual Report.

The total revenue from the operation of Fino Payments Bank Limited during the year under review is Rs. 79102.7 lakhs and Net Profit is Rs. 2047.43 lakhs.

The total revenue from the operation of Fino Finance Private Limited during the year under review is Rs. 4,987.53 lakhs and Net Loss is Rs. 5,472.62 lakhs.

The total revenue from the operation of Fino Financial Services Private Limited during the year under review is Rs. NIL lakhs and Net Loss is Rs. 0.728 lakhs.

The total revenue from the operation of Fino Trusteeship Services Limited, Associate Company of the Company, during the year under review is Rs. NIL lakhs and Net Profit is Rs. 23.50 lakhs.

### 6. Detail of Subsidiary/Associate Companies

Sr. No.	Name of the Company	Whether incorporated / acquired/ converted	Year of Incorporation /acquisition	Status
1	FINO Finance Private Limited	Acquired	2010	Wholly-owned Subsidiary
2	FINO Trusteeship Services Ltd.	Incorporated	2009	Associate Company
3	FINO Payments Bank Limited	Converted	2017	Wholly-owned Subsidiary
4	FINO Financial Services Pvt. Ltd.	Incorporated	2014	Wholly-owned Subsidiary

The Financial Statements of Fino Payments Bank Limited, Fino Finance Private Limited, Fino Financial Services Private Limited, Wholly-owned subsidiary companies and Fino Trusteeship Services Limited, Associate Company are forming part of the Consolidated financial statements of the Company.

### 7. Reserves

No amount is transferred to Reserves, in view of the losses of the Company at the end of the Financial Year.



## **FINO PAYTECH LIMITED**

### **8. Directors' and Key Managerial Personnel**

#### **Appointment/Resignation of Director**

During the Financial Year 2020-21, based on recommendation of the Nomination and Remuneration Committee ('NRC') of the Company, the Board of Directors has appointed Mr. Ashok Kini as an Additional Director in the capacity of Independent Director of the Company with effect from August 20, 2020. Further, at the Annual General Meeting of the Company held on September 30, 2020, the Shareholders of the Company had confirmed the appointment of Mr. Ashok Kini as Independent Director of the Company for a further period of Five (5) years with effect from August 20, 2020 to August 19, 2025 (both days inclusive). Further, Mr. Amit Jain, Nominee Director of the Company has resigned with effect from May 25, 2021.

#### **Retirement by rotation:**

In accordance with the provisions of Section 152 of the Act, read with Companies (Management & Administration) Rules, 2014 and Articles of Association of the Company, Mr. Sudeep Gupta (DIN: 07899859), Director of the Company, who retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment and the Board recommends his re-appointment.

#### **Key Managerial Personnel:**

Mr. Praveer Kumar was appointed as Chief Financial Officer (CFO) with effect from April 01, 2020. Mr. Basavraj Loni tendered his resignation as Company Secretary with effect from May 05, 2020. Ms. Riya Devulkar was appointed as Company Secretary with effect from May 28, 2020 and tendered her resignation with effect from December 05, 2020. Further, Mr. Jitendra Garg was appointed as Company Secretary with effect from March 02, 2021.

Except as mentioned above there were no further changes in the composition of the Board of Directors and Key Managerial Personnel of the Company during the year under review.

### **9. Declaration by Independent Directors**

The Independent Directors have submitted their disclosures under Section 149 (7) of the Act to the Board that they fulfill all the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013 as amended from time to time.

### **10. Board Evaluation**

Your Company is highly committed and have dedicated professionals as Directors on its Board. The Directors follow an efficient mechanism for Annual Evaluation of performance by the Board, Directors individually, and the Committees of the Board; the mechanism basically is based upon the principle of enhancement in Company's efficient governance and bringing higher levels of transparency, legacy and accountability in working of the Company.



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Broadly, the evaluation framework for assessing the performance of Directors comprises of the following key areas:

- i. Attendance of Board Meetings and Committee Meetings.
- ii. Quality of contribution at the Board/Committee Meetings deliberations.
- iii. Strategic perspectives or inputs regarding future growth of Company and its performance.
- iv. Providing perspectives/advice and feedback going beyond information provided by the management.
- v. Commitment towards Shareholders and other Stakeholders' interests.

As per the Companies Act, 2013, the formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors.

Further, Schedule IV of Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

Accordingly, the Board of Directors had carried out annual performance evaluation of its own performance, the committees and Director individually including Independent Directors. The performance evaluation of the Non Independent Directors and the Board as a whole, Chairman of Company, taking into account the views of Executive Director and Non-Executive Director, was carried out by the Independent Directors.

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

### **11. Changes in Capital Structure: Issued and Paid-up Share Capital**

During the year under review, pursuant to the ESOP Scheme of the Company the Company had allotted 7,20,500 Equity Shares of Rs. 10 each to the employees/ex-employees of the Company/Subsidiaries who have exercised their ESOPs. As a result, the issued and paid-up share capital of the Company had increased from Rs. 122,73,88,260/- to Rs. 123,45,93,260/-. The Company has not issued sweat equity shares or shares with differential voting rights during the year under review.

During the year under review the Company has not changed its Authorised Share Capital, the Authorised Equity Share Capital of the Company is Rs. 170,00,00,000/-, divided into 12,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 120,00,00,000/- and 5,00,00,000 Fully Compulsorily Convertible Preference Shares of Rs. 10/- each aggregating to Rs.50,00,00,000/-.

### **12. Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings & outgo pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Account) Rules, 2014 are set out in the **Annexure-A**.

The details of Foreign Exchange Earnings and Outgo are set out in notes to the standalone financial statements.

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### 13. Related Party Transactions

All material related party transactions under Section 188 of the Companies Act, 2013 and the Rules made thereunder are set out in Form AOC-2 (As per Section 134 of the Companies Act, 2013) is annexed herewith as **Annexure- B**. These transactions are in ordinary course of business and on arm's length basis. The details of the related party transactions as required under Accounting Standard 18/ Ind AS 24, as the case may be, are set out in notes to accounts to the financial statements. All Related Party Transactions are placed before the Audit Committee.

### 14. Board Committees

Detailed Composition of the Board committees namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee, number of meetings held during the year under review and other related details are set out below:

#### A. Details of Board of Directors' Meetings

During the year under review, four (4) Board meetings were held on May 28, 2020, August 20, 2020, November 12, 2020 and March 02, 2021 respectively.

The details of the Directors and attendance at the meeting of the Board of Directors:

Sr. No	Name	Category	No. of Meetings Attended
1	Mr. Ashok Kini	Non-Executive Chairman, Independent Director	4
2	Dr. Anjana Grewal	Independent Director	4
3	Mr. Amit Jain	Nominee Director	3
4	Mr. Ramakrishna Gupta Vetsa	Nominee Director	4
5	Mr. Alok Gupta	Nominee Director	4
6	Mr. Sudeep Gupta	Whole-time Director	4

#### B. Audit Committee

The Board has constituted Audit Committee under Section 177 of the Companies Act, 2013. As on March 31, 2021 the Committee comprised of two Independent Directors and two Nominee Directors.

During the year under review, four (4) meetings of the Audit Committee were held on May 28, 2020, August 20, 2020, November 12, 2020 and March 02, 2021 respectively.

Details of members of the Committee and their attendance at the Audit Committee meetings are as given below:

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Sr. No	Name	Category	No. of Meetings Attended
1	Mr. Ashok Kini	Chairman	4
2	Dr. Anjana Grewal	Member	4
3	Mr. Alok Gupta	Member	4
4	Mr. Amit Jain	Member	2

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

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

### C. Nomination and Remuneration Committee

The Board has constituted Nomination and Remuneration Committee as per requirements of the Companies Act, 2013.

The Board of Directors has framed a policy which lays down guidelines in relation to remuneration of Directors, Key Managerial Personnel and other employee of the Company. This policy inter alia, prescribes criteria for determining qualifications, positive attributes and independence of Directors also lays down criteria for selection and appointment of Board Members. The Nomination and Remuneration policy has been prepared as per requirements of the provisions of Section 178 of the Companies Act, 2013 read along with the Rules. There were no material changes in the policy during the F.Y. 2020-21. The Policy is available on the web site of the Company [www.finopaytech.com](http://www.finopaytech.com).

As on March 31, 2021 the Committee comprised of two Independent Directors and two Nominee Directors.

During the year under review, one (1) meeting of Nomination and Remuneration Committee was held on August 20, 2020.

Details of members of the Committee and their attendance at the Nomination and Remuneration Committee meetings are as given below:

Sr. no	Name	Category	No of Meetings attended
1.	Dr. Anjana Grewal	Chairperson	1
2.	Mr. Ashok Kini	Member	1
3.	Mr. Alok Gupta	Member	1
4.	Mr. Amit Jain	Member	-

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



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### D. Corporate Social Responsibility Committee

In terms of section 135 and Schedule VII of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014 made thereunder, as amended, the Board of Directors of your Company have constituted a Corporate Social Responsibility Committee and adopted CSR policy formulated by the Committee.

The CSR policy indicating the development and implementation of the policy on the CSR initiatives/activities as approved by the Board were uploaded in the Web site of the Company at [www.finopaytech.com](http://www.finopaytech.com)

Since the Company had incurred considerable loss in the financial year 2017-18 and due to which the Company did not have profit on an average of 3 preceding financial years, therefore the Company was not required to spend any amount towards CSR during F.Y. 2020-2021, accordingly the Company had not spent any amount towards CSR.

Further, the Company had achieved Rs. 264.39 Lakhs average net profit in the preceding three financial years. As per the CSR rules, the Company is required to contribute 2% of the average net profits i.e. Rs. 5.29 Lakh in any of the prescribed activities during the Financial Year 2021-22.

The Annual Report on CSR initiatives/activities is enclosed as **Annexure-C**.

During the year under review, one (1) meeting of Corporate Social Responsibility Committee was held on May 28, 2020.

Details of members and their attendance at the Corporate Social Responsibility Committee meetings:

Sr. no	Name	Category	No of Meetings attended
1.	Mr. Ashok Kini	Chairman	1
2.	Dr. Anjana Grewal	Member	1
3.	Mr. Ramkrishna Gupta Vetsa	Member	1

### E. Stakeholder Relationship Committee

The Board has constituted Stakeholder Relationship Committee under Section 178 of the Companies Act, 2013. As on March 31, 2021 the Committee comprised of:

Sr.No.	Name	Category
1.	Mr. Ashok Kini	Chairman
2.	Dr. Anjana Grewal	Member
3.	Mr Sudeep Gupta	Member

During the year under review no Meeting of the Stakeholders Relationship Committee was held.

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



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### **15. Particulars of Loans, Guarantees or investments**

The particulars of Loans given, Investments made and guarantees provided by the Company under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as at March 31, 2021, forms part of the Financial Statements.

### **16. Vigil Mechanism**

The Company has established a Vigil Mechanism that enables the Directors and Employees to report genuine concerns. The Vigil Mechanism provides for (a) adequate safeguards against victimization of persons who use the Vigil Mechanism; and (b) direct access to the Chairperson of the Audit Committee of the Board of Directors of the Company in appropriate or exceptional cases. Details of the Vigil Mechanism policy are made available on the Company's website [www.finopaytech.com](http://www.finopaytech.com).

### **17. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

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

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

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

The following is a summary of sexual harassment complaints received and disposed off during the financial year 2020-21.

- No. of complaints received: 0 (Previous year 0).
- No. of complaints disposed off.: 0 (Previous year 0).
- Number of cases pending for more than 90 days : 0
- Number of workshops/awareness programmes against sexual harassment carried out – 0
- Nature of action taken by the employer or District Officer – Not Applicable

### **18. Directors' Responsibility Statement**

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

## **FINO PAYTECH LIMITED**

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that 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 Company as at March 31, 2021 and loss of the Company for the financial year ended March 31, 2021;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act (including any statutory modification(s) or re-enactment(s) for the time being in force) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis; and
- (e) that 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.

### **19. Risk Management Policy**

The Board has framed a policy on Risk Management including identification therein elements of risk, if any which in the opinion of the Board may threaten the existence of the Company. The policy helps to assess the risk areas, monitor and report compliance and effectiveness of the policy and procedure.

The Company has not come across any element of risk which may threaten the existence of the Company.

The Directors expressed their satisfaction that the systems of risk management are defensible.

### **20. Internal Controls and their adequacy**

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



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### 21. Auditors

#### a) Statutory Auditors

The Shareholders in their meeting held on September 30, 2019 had appointed M/s. MSKC & Associates (Formerly known as M/s. R. K. Kumar & Co.) (ICAI Firm Registration No. 001595S), Chartered Accountants, as Statutory Auditors of the Company in place of M/s. B S R & Associates LLP (Registration No. 116231 W/W 100024), Chartered Accountants, for a term of 5 years, commencing from the conclusion of the 13<sup>th</sup> AGM till the conclusion of the 18<sup>th</sup> AGM of the Company to be held in the year 2024.

The standalone and consolidated financial statements of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder (Ind AS) and other accounting principles generally accepted in India.

The Notes to Accounts are self explanatory and therefore do not call for any further comments. The Auditors' Report is unmodified and does not contain any qualification, reservation or adverse remark.

The Company exempted the presence of Statutory Auditors in the AGM to be held on September 30, 2021.

#### b) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. D M & Associates, Company Secretaries, Mumbai as the Secretarial Auditor to conduct an audit of the secretarial records of the Company for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 under the Act, read with Rules made thereunder, is set out in the **Annexure-D** to this report, with the following remarks and which are self-explanatory:

As on March 31, 2021 the Composition of the Audit Committee was not in accordance with the provisions of Section 177 of the Companies Act, 2013. The Company will ensure proper composition of its Audit Committee as required under section 177 of the Companies Act, 2013, in future.

It may be noted that the Company is in compliance with the provisions of Section 177 of the Companies Act, 2013 with respect to composition of Audit Committee as on date of this report.

The Company exempted the presence of Secretarial Auditors in the AGM to be held on September 30, 2021.

#### c) Internal Auditor

As required under Section 138 of the Companies Act, 2013 and Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Audit function is carried out by the Internal Auditor. The Internal Auditors present their report to the Audit Committee. The



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scope, functioning, periodicity and methodology for conducting the internal audit have been formulated in consultation with the Audit Committee and the Board of Directors.

### 22. Annual Return

In accordance with the provision of Section 92 (3) of the Act, the copy of the annual return in the prescribed form MGT-7 is uploaded on website of the Company at [www.finopaytech.com](http://www.finopaytech.com).

### 23. Employees Stock Option Plan (ESOP)

As per sub-rule 9 of Rule 12 of the Companies (Share capital and Debentures) Rules, 2014 and pursuant to Section 62 of the Companies Act, 2013, the details of ESOPs are:

a) Options granted	: 2,34,63,000
b) Options vested	: 65,15,500
c) Options exercised	: 85,54,750
d) Total number of shares arising as a result of exercise of options	: 85,54,750
e) Options lapsed	: 71,66,500
f) Exercise price	: Rs. 10, 20, 30, 70.64, 75, 80, 100 & 105
g) Variation of terms of options	: none
h) Money realised by exercise of option	: As detailed in financial statements
i) Total number of options in force	: 77,41,750
j) Employee-wise details of options	
Granted to-	

i) Key Managerial Personnel  
(as on 31.03.2021) : 1,15,000

ii) Any other employee who receives grant of options in any one year amounting to 5% or more of options granted during that year : None

iii) Identified employees who were Granted option, during any one year Equal to or exceeding 1% of the issued Capital of the company (excluding outstanding warrants and conversions) at the time of grant : None

### 24. Disclosures under Section 134 of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

The Company being unlisted Company the disclosure in terms of Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is not applicable and hence not required to be disclosed.

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### **25. Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

### **26. Additional disclosures**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the financial year under review:

- i) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ii) Issue of shares (including sweat equity shares) to employees of your Company under any scheme
- iii) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- iv) During the period under review, none of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143(12) of the Act (including any statutory modification(s) or reenactment(s) thereof for the time being in force).
- v) The Company has complied with Secretarial Standards, i.e. SS-1 and SS-2, relating to Meetings of the Board of Directors and General Meetings, issued by the Institute of Company Secretaries of India.
- vi) There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2021) and the date of the report (May 25, 2021).
- vii) The Company has not accepted any deposits during the year in accordance with Chapter V of the Companies Act, 2013.
- viii) Company is not required to maintain cost records under Section 148(1) of the Act



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### **Acknowledgement**

The Board wishes to place on record its sincere appreciation to the contribution made by the Employees of the Company during the year under review. The Company has achieved impressive growth through the competence, hard work, solidarity, co-operation and support of employees at all levels. Your Directors thank the investors, customers, clients, vendors and other business associates for their continued support in the Company's growth. The Directors also wish to thank the Government Authorities, Banks and the Shareholders for their co-operation and assistance extended to the Company.

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

**Sd/-  
Ashok Kini  
Non-Executive Chairman**

**Place: Navi Mumbai  
Date: 24<sup>th</sup> June, 2021**

## ANNEXURE A

### Annexure to the Directors' Report

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

#### **A. Conservation of Energy**

The Company has undertaken several initiatives at its registered office such as:

- Installed energy efficient LED lights.
- Most of the lights and air condition units are switched off after 7 pm. Only required lights are put on to save on wastage of energy. Switching off all the workstation area AC's during lunch time from 1 p.m. to 2 p.m. except cafeteria.
- Power factor has been maintained constantly **through use of Capacitor bank.**
- Installed sun control film & blinds across office to keep office cool and to save on AC consumption.

The Company has been consciously making efforts towards improving the energy performance year on year.

#### **B. Research & Development**

During the year under review, the Company had conducted following R & D activities.

#### **Security**

The Company has implemented a comprehensive security stack for the banking application. The security stack implemented for providing exceptional alters to monitor and take necessary action to protect any fraudulent activity. This covers all servers and network devises.

The SOC [Security Operations Center] is being managed by ctrl S and comprises the following.

- Intrusion Prevention Systems(IPS)
- Intrusion Detection Systems(IDS)
- Firewalls



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- Various monitoring mechanisms deployed using the above tools, alerts are monitored online and daily basis to ensure high level security.

During the period under review, the Company has incurred capital expenditure of Rs. NIL (Previous year Rs. NIL) towards Research and development activities.

### **C. Technology absorption**

#### **FINO ASA/AUA and KSA/KUA compliant**

Extending the Company's gains and its experience on AUA/ASA, the Company has scaled it further and on boarded 6 AUA / KUA in its system, today the Company's enrollment and Lending enrollment are done using this platform. The Company is also among the first few to implement the Registered Device (RD) certification for UID.

**Place: Navi Mumbai**

**Date: 24<sup>th</sup> June, 2021**

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

**Sd/-**

**Ashok Kini**

**Non-Executive Chairman**

**FORM NO. AOC-2**

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

SI No.	Particulars	Amount (in Rs.)
1	Details of contracts or arrangements or transactions not at arm's length basis	There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020, which were not at arm's length basis.

**FORM NO. AOC-2**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including  
certain arms length transactions under third proviso thereto

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

SI No.	Particulars	Amount (in Rs.)									
1	Details of contracts or arrangements or transactions not at arm's length basis	There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2021 which were not at arm's length basis.									
2	Details of material contracts or arrangement or transactions at arm's length basis:										
(a)	Name(s) of the related party and nature of relationship	Fino Finance Private Limited. Wholly-Owned Subsidiary	Fino Finance Private Limited. Wholly-Owned Subsidiary	Fino Finance Private Limited. Wholly-Owned Subsidiary	Fino Finance Private Limited. Wholly-Owned Subsidiary	Fino Payments Bank Limited. Wholly-owned Subsidiary	Fino Trusteeship Services Limited Associate Company	Fino Trusteeship Services Limited Associate Company			
(b)	Nature of contracts/arrangements/ transactions	Reimbursement of Expenses	FLDG Payment by the Holding Company in relation to the BC lending business with the IndusInd bank	Sale of Fixed Assets / Intangible assets	Corporate Guarantee Commission receivable	Sale of Fixed Assets / Intangible assets	Reimbursement of Expenses	Purchase of Services	Collection towards sale of devices to Fino Payments Bank merchants	Borrowing for the working capital expenditure	Interest on Borrowings
(c)	Duration of the contracts/arrangements/ transactions	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21	01 April 20 to 31 March 21
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	At Actual Transaction value of Rs. 1,05,33,776/-	At Actual Transaction value of Rs. 7,69,72,604/-	N.A.	At Actual Transaction value of Rs. 19,79,063/-	N.A.	At Actual Transaction value of Rs. 2,04,05,309/-	At Actual Transaction value of Rs. 2,26,67,053/-	N.A.	N.A.	As per agreement - Transaction value of Rs. NIL
(e)	Date(s) of approval by the Board, if any:	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(f)	Amount paid as advances, if any:	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7,85,991/-	Nil

Place: Navi Mumbai  
Date: 24th June, 2021

For and on behalf of the Board of Directors of Fino PayTech Limited

Sd/-  
Ashok Kini  
Non-Executive Chairman

**Annexure - C**  
**Annual Report on Corporate Social Responsibility**  
(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects Or programs:**

- The Company has adopted the CSR policy through CSR Committee.
- The Company's CSR and welfare activities are committed to create and support programs that bring about sustainable changes through contributing towards major challenges faced by India (like improving healthcare, supporting education etc., and making our country a better place to live for all).
- The Company plans to support/ partner and assist various CSR activities in the following areas:
  - EDUCATION/HEATH CARE:
    - a. Financial Programs
    - b. Financial Literacy
    - c. Vocational training
    - d. Heath care camping
- The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of the Directors, is available on the Company's website at [www.finopaytech.com](http://www.finopaytech.com)

**2. The Composition of the CSR Committee as on March 31, 2021:**

- Mr. Ashok Kini- Chairman
- Dr. Anjana Grewal- Member
- Mr. Ramakrishna Gupta Vetsa– Member

**3. Average net profit/loss of the company for last three financial years: Rs. 264.39 Lakhs**

**4. Prescribed CSR Expenditure: Rs. 5.29 Lakhs**  
**(two percent of the amount as in item 3 above)**

**5. Details of CSR spent during the financial year.**

- (a) Total amount to be spent for the financial year:** NIL
- (b) Amount unspent, if any:** NIL
- (c) Manner in which the amount spent during the financial year:** N.A. for F.Y. 2020-21.

(Rs. In lakhs)

1	2	3	4	5	6	7	8
Sr . N o	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes 1) Local area or other 2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub-heads: 1) Direct Expenditu res on projects or programs 2) Overhead s	Cumulativ e Expenditu re up to the reporting period.	Amount spent: Direct or through implementing agency

6. In case the company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:

Appropriate justification is provided in the Boards' report.

7. The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

For and on behalf of the Board of Directors

Date: 24<sup>th</sup> June, 2021  
Place: Navi Mumbai

Sd/-  
Ashok Kini  
Chairman of CSR  
Committee

Sd/-  
Anjana Grewal  
Independent Director

# **DM & ASSOCIATES COMPANY SECRETARIES LLP**

**(LLPIN NO. AAI-4743)**

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

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**Annexure-D**

**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, 2021**

To,  
The Members,  
**FINO PAYTECH LIMITED**  
Mindspace Juinagar, 9th 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 PAYTECH LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 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, Overseas Direct Investment and External Commercial borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) **were not applicable** to the Company under the financial year under report:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The SEBI (Prohibition of Insider Trading) Regulations, 2015;

# **DM & ASSOCIATES COMPANY SECRETARIES LLP**

**(LLPIN NO. AAI-4743)**

---

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

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- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

6. During the Audit period no other specific laws were applicable to the Company.

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 Company being unlisted public Company, there is no Listing Agreement entered into by the Company with any Stock Exchange(s) and hence the same is not applicable to the Company.

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

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

## **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors *except for the composition of Audit Committee, wherein the Independent Directors do not form majority, as contemplated under Section 177 of the Act.* 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 a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. None of the members of the Board have expressed dissenting views on any of the agenda items during the Audit period.

# **DM & ASSOCIATES COMPANY SECRETARIES LLP**

**(LLPIN NO. AAI-4743)**

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

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

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

Sd/-

**Dinesh Kumar Deora**

**Senior Partner**

**FCS NO 5683**

**C P NO 4119**

**UDIN: F005683C000348476**

Place: Mumbai

Date: 20<sup>th</sup> May, 2021

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

# **DM & ASSOCIATES COMPANY SECRETARIES LLP**

**(LLPIN NO. AAI-4743)**

---

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

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## **ANNEXURE - I**

**To**  
**The Members,**  
**FINO PAYTECH LIMITED**  
MindSpace Juinagar, 9th Floor,  
Plot No. Gen 2/1/F, Tower 1,  
TTC Industrial Area, MIDC Shirwane,  
Juinagar, Navi Mumbai  
Thane – 400706

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

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

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

**Sd/-**  
**Dinesh Kumar Deora**  
**Senior Partner**  
**FCS NO 5683**  
**C P NO 4119**  
**UDIN: F005683C000348476**

Place: Mumbai  
Date: 20<sup>th</sup> May, 2021

**FINO PayTech Limited**

Financial Statements  
together with Auditors' Report  
for the year ended 31 March 2021

# FINO PayTech Limited

## **Notes to the financial statements**

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### ***Contents***

Auditors' report

Balance sheet

Statement of profit and loss

Statement of changes in equity

Cash flow statement

Notes to financial statements

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF FINO PAYTECH LIMITED**

#### **Report on the Audit of the Standalone Financial Statements**

##### **Opinion**

We have audited the standalone financial statements of FINO PayTech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss during the year, changes in equity 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 standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Emphasis of Matter**

We draw attention to Note 44c to the Standalone Financial Statements, which describes that the extent to which the COVID-19 Pandemic will impact the Company's Standalone Financial Statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the standalone financial statements and our auditor's report thereon. The Director's report has not been made available to us.

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

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

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

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

#### **Other Matter**

Due to the restrictions imposed by the government on account of COVID 19 pandemic it was impracticable for us to attend the physical verification of inventory conducted by the management at year end. Consequently, we have performed related alternative audit procedures such as obtained inventory verification report from independent Chartered Accountant and have obtained sufficient, appropriate audit evidence over the existence of inventory amounting to Rs. 1,065.54 lacs as on March 31, 2021

Our opinion is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (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 Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its standalone financial statements - Refer Note 41 to the standalone financial statements;
  - ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company does not have any derivative contracts as at March 31, 2021; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**MSKC & Associates (Formerly known as R K Kumar & Co.)**

**Chartered Accountants**

ICAI Firm Registration Number: 001595S

Sd/-

Tushar Kurani  
Partner  
Membership No. 118580  
UDIN: 21118580AAAADQ1012

Mumbai  
June 24, 2021

**ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FINO PAYTECH LIMITED FOR THE YEAR ENDED MARCH 31, 2021**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

- i.
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
  - (b) All the fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of professional tax and provident fund.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

Statutory dues which were outstanding, as at March 31, 2021 for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
Employees Provident Fund Organisation	Provident Fund	8,312	February 18	15-Mar-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	5,975	March 18	15-Apr-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	9,853	April 18	15-May-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	8,946	May 18	15-Jun-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	5,215	June 18	15-July-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	7,923	July 18	15- Aug-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	5,206	August 18	15-Sep-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	730	September 18	15-Oct-18	Not yet paid	N.A.

Employees Provident Fund Organisation	Provident Fund	730	October 18	15-Nov-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	730	November 18	15-Dec-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,140	December 18	15-Jan- 19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	4,810	January 19	15-Feb-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	3,842	February 19	15-Mar-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	14,625	March 19	15-Apr-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	15,760	April 19	15-May-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	70,409	May 19	15-Jun-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	36,247	June 19	15-Jul-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	28,138	July 19	15-Aug-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	23,415	August 19	15-Sep-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	22,958	September 19	15-Oct-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	5,192	October 19	15-Dec-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,108	December 19	15-Jan-20	Not yet paid	N.A.
Employees	Provident	2,108	January 20	15-Feb-20	Not yet	N.A.

Provident Fund Organisation	Fund				paid	
Employees Provident Fund Organisation	Provident Fund	2,108	February 20	15-Mar-20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	7,073	March 20	15-Apr-20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,108	April 20	15-May-20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	8,084	May 20	15-Jun- 20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,108	June 20	15-Jul-20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,108	July 20	15-Aug-20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	4,490	August 20	15-Sep- 20	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,108	September 20	15-October -20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	28,711	March 15	30-Apr-15	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	70,029	March 16	30-Apr-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	30,551	April 16	30-May-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	25,087	May 16	30-Jun-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	32,440	June 16	30-Jul-16	Not yet paid	N.A.
Department of Commercial	Professional	22,051	July 16	30-Aug-16	Not yet	N.A.

Taxes	Tax				paid	
Department of Commercial Taxes	Professional Tax	24,232	August 16	30-Sep-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	18,633	September 16	30-Oct-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	17,597	October 16	30-Nov-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	17,620	November 16	30-Dec-16	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	22,440	December 16	30-Jan-17	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	16,495	January 17	28-Feb-17	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	25,171	February 17	30-Mar-17	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	866	July-19	30-Aug-19	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	866	August-19	30-Sep-19	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	866	September-19	30-Oct-19	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	950	October-19	30-Nov-19	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	700	November-19	30-Dec-19	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	616	December-19	30-Jan-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	332	January-20	28-Feb-20	Not yet paid	N.A.

Department of Commercial Taxes	Professional Tax	616	February-20	30-Mar-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	548	March-20	30-Apr-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	615	April 20	30-May-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	449	May 20	30-Jun-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	532	June 20	30-Jul-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	782	July 20	30-Aug-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	532	August 20	30-Sept-20	Not yet paid	N.A.
Department of Commercial Taxes	Professional Tax	698	September 20	30-Oct-20	Not yet paid	N.A.
Employees' State Insurance	Employees State Insurance	4,046	April 15	15-May-15	Not yet paid	N.A.
Employees' State Insurance	Employees State Insurance	18,884	May 15	15-Jun-15	Not yet paid	N.A.
Employees' State Insurance	Employees State Insurance	17,690	June 15	15-Jul-15	Not yet paid	N.A.
Labour Welfare Fund Act	Labour Welfare Fund	1,540	April 20	15-May-20	Not yet paid	N.A.
Labour Welfare Fund Act	Labour Welfare Fund	5,620	May 20	15-Jun-20	Not yet paid	N.A.
Labour Welfare Fund Act	Labour Welfare Fund	1,100	June 20	15-Jul-20	Not yet paid	N.A.
Labour Welfare Fund Act	Labour Welfare	340	July 20	15-Aug-20	Not yet paid	N.A.

	Fund					
Labour Welfare Fund Act	Labour Welfare Fund	260	August 20	15-Sep-20	Not yet paid	N.A.
Labour Welfare Fund Act	Labour Welfare Fund	260	September 20	15-Oct-20	Not yet paid	N.A.

- (c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. in Lacs	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Cess	NMMC	102.20	2006-07	Assessment Officer	N.A.
UP VAT Act	Sales Tax	15.01	2007-08	Tribunal	N.A.
UP VAT Act	Sales Tax	54.61	2008-09	Tribunal	N.A.
Entry Tax Act	Sales Tax	27.36	2009-10	Tribunal	N.A.
Entry Tax Act	Sales Tax	79.90	2010-11	First Appeal	N.A.
Entry Tax Act	Sales Tax	158.02	2011-12	Additional Commissioner (Appeals)	N.A.
Bihar VAT	Sales Tax	4.10	2011-12	Commissioner (Appeals)	N.A.
CST Act	Sales Tax	278.78	2011-12	Commissioner (Appeals)	N.A.
UP VAT Act	Sales Tax	26.58	2012-13	Additional Commissioner (Appeals)	N.A.
CST Act	Sales Tax	102.37	2012-13	Commissioner (Appeals)	N.A.
UP VAT Act	Sales Tax	20.64	2013-14	Commissioner (Appeals)	N.A.
CST Act	Sales Tax	4.52	2014-15	Commissioner (Appeals)	N.A.
MVAT Act	Sales Tax	25.50	2014-15	Commissioner (Appeals)	N.A.

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Indian accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

**MSKC**

**& Associates**

Chartered Accountants

- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

**MSKC & Associates (Formerly known as R K Kumar & Co.)**

**Chartered Accountants**

ICAI Firm Registration Number: 0015955

Sd/-

Tushar Kurani

Partner

Membership No. 118580

UDIN: 21118580AAAADQ1012

Mumbai

June 24, 2021

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF FINO PAYTECH LIMITED**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

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

We have audited the internal financial controls with reference to standalone financial statements of FINO PayTech Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls with Reference to Standalone Financial Statements**

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

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

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

Sd/-

Tushar Kurani  
Partner  
Membership No. 118580  
UDIN: 21118580AAAADQ1012  
Mumbai  
June 24, 2021

# FINO PayTech Limited

## Balance Sheet

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	Notes	31 March 2021	31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2	431.90	497.15
(b) Right-of-use assets	36	1,134.48	1,166.47
(c) Capital work-in-progress		-	-
(d) Other Intangible assets	3	11.35	22.06
<b>(e) Financial assets</b>			
(i) Investments	4	59,093.71	59,174.05
(ii) Loans	5	119.31	72.03
(iii) Other Financial assets	6	186.40	440.93
(f) Deferred tax assets (net)		1,768.00	1,768.00
(g) Tax assets (net)		616.79	889.36
(h) Other non-current assets	7	334.77	350.00
<b>Total non-current assets</b>		<b>63,696.71</b>	<b>64,380.05</b>
<b>(2) Current assets</b>			
(a) Inventories	8	1,064.44	1,191.05
<b>(b) Financial assets</b>			
(i) Trade receivables	9	752.72	2,075.25
(ii) Cash and cash equivalents	10	260.09	816.12
(iii) Bank balances other than (ii) above	11	1,058.29	264.35
(iv) Loans	12	9.86	36.04
(v) Other Financial assets	13	-	31.35
(c) Other current assets	14	131.86	247.51
<b>Total current assets</b>		<b>3,277.26</b>	<b>4,661.67</b>
<b>TOTAL ASSETS</b>		<b>66,973.97</b>	<b>69,041.72</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	15	9,962.81	9,890.76
(b) Instruments entirely in nature of equity		2,933.12	2,933.12
(c) Other equity	16	44,570.23	45,892.24
<b>Total equity</b>		<b>57,466.16</b>	<b>58,716.12</b>
<b>(2) Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	17	1,075.78	1,085.51
(b) Provisions	18	158.01	107.04
(c) Other non-current liabilities	19	20.40	28.37
<b>Total non-current liabilities</b>		<b>1,254.19</b>	<b>1,220.92</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	71.17	473.09
(ii) Trade payables	21		
Due to micro and small enterprises		-	-
Due to other than micro and small enterprises		1,028.53	1,388.53
(iii) Other financial liabilities	22	6,030.07	6,148.94
(b) Other current liabilities	23	127.02	329.19
(c) Provisions	24	856.77	591.09
(d) Current tax liabilities (net)		140.06	173.84
<b>Total current liabilities</b>		<b>8,253.62</b>	<b>9,104.68</b>
<b>Total liabilities</b>		<b>9,507.81</b>	<b>10,325.60</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,973.97</b>	<b>69,041.72</b>

Notes to the financial statements

1-49

The accompanying notes to accounts form an integral part of the Standalone Financial Statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
FINO PayTech Limited

Sd/-

Sd/-

**Tushar Kurani**  
Partner  
Membership Number : 118580

**Ashok Kini**  
Non-Executive Chairman &  
Independent Director  
DIN 00812946

**Sudeep Gupta**  
Whole-time Director  
DIN 07899859

Sd/-

Sd/-

Navi Mumbai  
24 June 2021

**Praveer Kumar**  
Chief Financial Officer

**Jitendra Garg**  
Company Secretary

# FINO PayTech Limited

## Statement of Profit and Loss

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

Particulars	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue</b>			
I. Revenue from operations (Gross of excise duty)	25	1,926.85	6,226.45
II. Other income	26	307.01	187.76
<b>III. Total income ( I + II )</b>		<b>2,233.86</b>	<b>6,414.21</b>
<b>Expenses</b>			
Purchase of goods and services	27	869.64	2,774.88
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	126.61	573.80
Employee Benefits Expenses	29	688.07	917.58
Finance costs	30	178.35	204.45
Depreciation and amortization expenses	2,3	228.03	282.84
Other expenses	31	1,691.78	821.40
<b>Total expenses (IV)</b>		<b>3,782.48</b>	<b>5,574.95</b>
<b>V. Profit / (Loss) before tax (III - IV)</b>		<b>(1,548.62)</b>	<b>839.26</b>
<b>VI. Tax expense:</b>			
1. Current tax		-	33.28
2. Tax provision for earlier years		-	-
2. Deferred tax		55.27	-
3. MAT credit entitlement		-	-
<b>Total tax expenses (VI)</b>		<b>55.27</b>	<b>33.28</b>
<b>VII. Profit / (Loss) for the period (V - VI)</b>		<b>(1,603.89)</b>	<b>805.98</b>
<b>VIII. Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gain/(loss) on defined benefits		0.71	(38.03)
Change in fair value of FVOCI instrument		(212.58)	-
Income tax related to above items		55.27	-
<b>Other comprehensive income (net of tax)</b>		<b>(156.60)</b>	<b>(38.03)</b>
<b>IX. Total comprehensive income for the year (VII + VIII)</b>		<b>(1,760.49)</b>	<b>767.95</b>
<b>X. Earnings per equity share</b>			
1. Basic earnings per share		(1.25)	0.63
2. Diluted earnings per share		(1.25)	0.62

Notes to the financial statements

1-49

The accompanying notes to accounts form an integral part of the financial Statements.

As per our report of even date attached.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration Number : 001595S

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Tushar Kurani**

Partner

Membership Number : 118580

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

Navi Mumbai

24 June 2021

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

# FINO PayTech Limited

## Statement of Changes in Equity

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### (a) Equity share capital

	31 March 2021		31 March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	98,907,611	9,890.76	98,786,361	9,878.64
Changes in equity share capital during the year	720,500	72.05	121,250	12.12
Balance at the end of the reporting period	99,628,111	9,962.81	98,907,611	9,890.76

### (b) Instruments entirely in nature of equity

	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
<b>Share warrants</b>				
Balance at the beginning of the reporting period	5,500,000	550.00	5,500,000	550.00
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	5,500,000	550.00	5,500,000	550.00
<b>Fully convertible preference shares (Series A,B,C)</b>				
Balance at the beginning of the reporting period	23,831,215	2,383.12	23,831,215	2,383.12
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	23,831,215	2,383.12	23,831,215	2,383.12
<b>Total of instruments entirely in nature of equity</b>	<b>29,331,215</b>	<b>2,933.12</b>	<b>29,331,215</b>	<b>2,933.12</b>

### (c) Other equity

Particulars	Equity component of compound financial instruments	Retained Earnings	Reserves & Surplus ESOP Reserve	Securities Premium	Share application money pending allotment	Equity investments through other comprehensive income	Total
<b>Balance as at 01 April 2019</b>	0.00	(13,698.39)	489.70	57,823.08	-	175.24	44,789.63
<b>Total comprehensive income for the period ended 31 March 2020</b>							
Profit/ (Loss) for the period	-	805.98	-	-	-	-	805.98
Other comprehensive income (net of tax)							
- Remeasurements of defined benefit liability / (asset)	-	(38.03)	-	-	-	-	(38.03)
- Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	767.95	-	-	-	-	767.95
ESOP expense recognised under fair value approach	-	-	10.22	-	-	-	10.22
Deemed investment in subsidiary recognised through retained earnings	-	-	256.33	-	-	-	256.33
Premium on ESOP's exercised	-	-	(11.71)	79.82	-	-	68.11
Effect of options lapsed after vesting	-	6.84	(6.84)	-	-	-	-
<b>Balance as at 31 March 2020</b>	<b>0.00</b>	<b>(12,923.60)</b>	<b>737.70</b>	<b>57,902.90</b>	<b>-</b>	<b>175.24</b>	<b>45,892.24</b>
<b>Balance as at 01 April 2020</b>	<b>0.00</b>	<b>(12,923.60)</b>	<b>737.70</b>	<b>57,902.90</b>	<b>-</b>	<b>175.24</b>	<b>45,892.24</b>
<b>Total comprehensive income for the period ended 31 March 2021</b>							
Profit/ (Loss) for the period	-	(1,603.89)	-	-	-	-	(1,603.89)
Other comprehensive income (net of tax)							
- Remeasurements of defined benefit liability / (asset)	-	0.71	-	-	-	-	0.71
- Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	(157.31)	(157.31)
<b>Total comprehensive income</b>	-	(1,603.18)	-	-	-	(157.31)	(1,760.49)
Depreciation transfer for Fixed assets (Name of the assets to be specified)	-	-	-	-	-	-	-
ESOP expense recognised under fair value approach	-	-	3.71	-	-	-	3.71
Deemed investment in subsidiary recognised through retained earnings	-	-	133.20	-	-	-	133.20
Premium on ESOP's exercised	-	-	(10.87)	312.44	-	-	301.57
Additions	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>0.00</b>	<b>(14,526.78)</b>	<b>863.74</b>	<b>58,215.34</b>	<b>0.00</b>	<b>17.93</b>	<b>44,570.23</b>

# FINO PayTech Limited

## Statement of Changes in Equity (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### Nature and purpose of reserves

#### 1) Securities premium

Securities premium is used to record the premium on issue of shares. It is utilised in accordance with the provisions of Section 52 of the Companies Act 2013.

#### 2) ESOP reserve

ESOP reserve is used to recognise the grant date fair value of options issued to employees under the Employee stock option plan which are unvested as on the reporting date.

#### 3) Equity investments through other comprehensive income (FVOCI)

The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserve within equity. The company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Notes to the financial statements

1-49

The accompanying notes to accounts form an integral part of the Standalone Financial Statements.

As per our report of even date attached.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

*Chartered Accountants*

Firm's Registration Number : 001595S

**For and on behalf of the Board of Directors of  
FINO PayTech Limited**

Sd/-

Sd/-

**Tushar Kurani**

*Partner*

Membership Number : 118580

**Ashok Kini**

*Non-Executive Chairman &*

*Independent Director*

DIN 00812946

**Sudeep Gupta**

*Whole-time Director*

DIN 07899859

Sd/-

Sd/-

Navi Mumbai

24 June 2021

**Praveer Kumar**

*Chief Financial Officer*

**Jitendra Garg**

*Company Secretary*

# FINO PayTech Limited

## Statement of cash flows

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. Cash flows from operating activities</b>		
Profit / (loss) from for the period	<b>(1,548.62)</b>	839.26
<b>Profit / (loss) before tax</b>	<b>(1,548.62)</b>	839.26
<b>Adjustments for :</b>		
Depreciation / amortisation	228.03	282.84
Profit / (loss) on sale of fixed assets	(0.27)	(11.36)
ESOP expense	3.71	10.22
Provision for doubtful debts and assets	1,259.68	151.11
Interest expense	178.35	204.45
Interest income	(131.96)	(130.60)
<b>Operating profit before working capital changes</b>	<b>(11.08)</b>	1,345.92
<b>Working capital adjustments:</b>		
(Increase) / Decrease in non-current financial assets - loans	(16.47)	(73.31)
(Increase) / Decrease in non-current financial assets - Others	254.53	(434.81)
(Increase) / Decrease in other non-current assets	15.23	3.93
(Increase) / Decrease in inventories	126.61	751.87
(Increase) / Decrease in trade receivables	1,025.85	(408.31)
(Increase) / Decrease in current financial assets - loans	46.83	(39.56)
(Increase) / Decrease in other current financial assets	31.22	66.87
(Increase) / Decrease in other current assets	115.65	62.41
Increase / (Decrease) in other non-current liabilities	(7.97)	22.00
Increase / (Decrease) in trade payables	(360.00)	566.64
Increase / (Decrease) in other current financial liabilities	(118.87)	253.91
Increase / (Decrease) in other current liabilities	(202.17)	(167.65)
Increase / (Decrease) / Increase in provisions	(696.97)	(331.94)
<b>Cash generated from operating activities</b>	<b>202.39</b>	1,617.97
Income tax (paid) / refund	238.78	364.43
<b>Net Cash generated from operating activities (A)</b>	<b>441.17</b>	1,982.40
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment/CWIP	(48.28)	(115.15)
Proceeds from sale of property, plant and equipment	0.27	33.22
Acquisition of computer software	-	(5.00)
Proceeds from fixed deposits	(793.93)	50.11
Acquisition of non-current investments	0.96	(0.01)
Right of Use Asset	(81.53)	(155.76)
Interest received	131.96	130.60
<b>Net cash generated from/ (used in) investing activities (B)</b>	<b>(790.55)</b>	(61.99)

# FINO PayTech Limited

## Statement of cash flows

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity share capital	373.62	80.23
Repayment of short-term borrowings	(401.92)	(1,825.50)
Proceeds from short-term borrowings		
Interest paid	(178.35)	(204.45)
<b>Net cash (used in) financing activities (C)</b>	<b>(206.65)</b>	<b>(1,949.72)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(556.03)</b>	<b>(29.31)</b>
Cash and cash equivalents at the beginning of the year	816.12	845.43
<b>Cash and cash equivalents at the end of the year</b>	<b>260.09</b>	<b>816.12</b>
<b>Cash and cash equivalents</b>		
Cash on hand and balances with banks	260.09	816.12
Closing balances of Fixed deposit (more than 3 months but less than 12 months)		-
Other bank balances	-	-
<b>Cash and cash equivalents</b>	<b>260.09</b>	<b>816.12</b>

The notes referred to above form an integral part of the financial statements 1-49

As per our report of even date attached.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration Number : 001595S

**Tushar Kurani**

Partner

Membership Number : 118580

Navi Mumbai  
24 June 2021

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

# FINO PayTech Limited

## Notes to the financial statements

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### 1.1. Background

FINO PayTech Limited ('the Company') was incorporated on 15 June 2006. The Company is primarily engaged in providing technology-based solutions and services related to financial inclusion. It is a business and banking technology platform combined with extensive services delivery channel. The Company services institutions like banks, microfinance institutions, government entities and insurance companies.

### 1.2 Significant Accounting Policies

#### 1.2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with Section 133 of the Companies Act, 2013 ("the 2013 Act"), read with Companies (Indian Accounting Standards) Rules, 2015, and other relevant provisions of the Act and Rules there under, as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

#### 1.2.2 Functional and presentation currency

These financial statements are presented in Indian rupees (INR), which is the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest lakhs, unless otherwise indicated.

#### 1.2.3 Basis of measurement

The financial statements have been prepared on the historical cost convention and on accrual basis except for the following items:

- certain financial assets and liabilities that may be measured at fair value; and
- share-based payments.

#### 1.2.4 Presentation of Financial Statement

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

# FINO PayTech Limited

## Notes to the financial statements

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### 1.2.5 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products/services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has identified twelve months as its operating cycle for the purpose of current / non - current classification of assets and liability.

### 1.2.6 Use of estimates and judgments

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet, statement of profit and loss and disclosure of contingent liabilities. The actual amounts realized may differ from these estimates. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and future periods are affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.6 Use of estimates and judgments (*Continued*)

- **Determination of the estimated useful lives and residual value of assets**

Useful lives of assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, useful lives and residual values are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

- **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation using projected unit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy and withdrawal rate. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. These assumptions are reviewed at each reporting date.

- **Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits, at the rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

- **Expected credit loss**

Expected credit loss is to be recognised for financial assets when upon assessment, the credit risk on the financial asset has increased significantly since initial recognition. The measurement of ECL includes both quantitative and qualitative information and analysis, based on Company's historical experience and credit assessment including the incorporation of forward-looking information.

The inputs used and process followed by the Company in determining the ECL have been detailed in Note 32.

- **Fair valuation of employee share options**

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. The assumptions and models used for estimating fair value for share based payments transactions are discussed in Note 34.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.6 Use of estimates and judgments (*Continued*)

- **Fair value measurement of financial instruments**

When the fair values of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market prices in active markets, their fair value is measured using valuation technique. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a review of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Recognition and measurement of other provisions**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

- **Effective Interest Rate**

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets which are required to subsequently measured at amortised cost, interest is accrued using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioral life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

- **Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Assessment is made on the expected lease term on a lease-by-lease basis and thereby it assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to companies operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts.

The determination of the incremental borrowing rate used to measure lease liabilities.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.6 Use of estimates and judgments (*Continued*)

- **Business model assessment**

Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- **COVID 19**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

### 1.2.7 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for financial instruments.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.*
- *Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).*
- *Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.8 Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets or other current assets as applicable. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

#### iii. Depreciation

Depreciation is provided as per the useful life on written down value as under Schedule II of the Companies Act, 2013, except in case of Computers (excluding servers), where the management estimates the useful lives to be 5 years instead of 3 years as prescribed under Schedule II.

Assets costing less than INR 5,000 are depreciated at 100% in the year of acquisition. The Company uniformly estimates a zero residual value for all these assets.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Based on technical evaluation of management and consequent advice, the management believes that its estimates of useful lives as given below best represent the period over which management expects to use these assets.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.8 Property, plant and equipment (*Continued*)

Class of asset	Management estimate of useful life	Useful life as per Schedule II
Computer	5 Years	3 Years
Computer server	6 Years	6 Years
Office equipment	5 Years	5 Years
Furniture and fixtures	10 Years	10 Years
Vehicle	8 Years	8 Years

Lease hold improvements are amortised on a straight-line basis over the period of lease.

### 1.2.9 Intangible asset

An Intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition on cost. Following initial recognition intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets are amortised over a period of five years with zero residual value.

### 1.2.10 Inventories

Inventories which comprise work-in-progress and traded goods are carried at lower of cost and net realizable value, including necessary provision for obsolescence. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 1.2.11 Impairment of Non-Financial assets

The carrying values of assets at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased such reversal of impairment loss is recognised in the statement of profit and loss.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.12 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a. Financial assets

##### Classification

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

##### Subsequent measurement

#### i. Debt instruments are measured at amortised cost

- A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
  - a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The EIR method is a method of calculating the amortised cost of a financial asset and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. Assets recognised at amortised cost include trade and other receivables, fixed deposits, security deposits, cash and cash equivalents and bank balances in current account.

#### ii. Financial instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition)

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.12 Financial Instruments (*Continued*)

- b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to statement of profit and loss.

#### iii. Financial instruments at fair value through statement of profit and loss (FVTPL)

- Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.
- In addition, the Company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
- Financial assets that do not meet the SPPI criteria are measured at FVTPL with all subsequent changes in the fair value recognized in statement of profit and loss.

#### iv. Equity investments

- All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make irrevocable election to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
- If the Company decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.
- Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### v. Investments in subsidiaries

Investment in subsidiaries are measured at cost less impairment.

#### Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.12 Financial Instruments (*Continued*)

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

#### **Impairment of financial assets**

Ind AS 109 replaces the incurred loss model with a forward looking 'expected credit loss model' (ECL). This requires considerable judgment over how changes in economic factors affect ECL's, which will be determined on a probability-weighted basis.

The Company applies expected credit loss model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Loans and debt instruments that are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Other receivables - The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

#### **b. Financial liabilities**

##### **Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

##### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost.

##### **Subsequent measurement**

###### **i. Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

###### **ii. Financial liabilities at amortised cost**

Financial liabilities are subsequently measured at amortised cost and the carrying amounts are determined based on EIR method. Interest expense is included as finance costs in the statement of profit and loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings etc.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.12 Financial Instruments (*Continued*)

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. A new liability based on the modified terms is recognised at fair value. The difference between carrying amount of original financial liability and a new financial liability with modified terms is recognised in the statement of profit or loss.

#### **c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **d. Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue cost.

#### **e. Compound instrument**

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset). In case of conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

#### **f. Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation recognised in the statement of profit and loss.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.12 Financial Instruments (*Continued*)

#### g. Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets. Financial liabilities are not reclassified.

### 1.2.13 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date (i.e. prevailing closing rates). Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

### 1.2.14 Revenue recognition

Revenue from contracts with the customers is based on the core principle that an entity recognizes revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. Revenue is recognised on satisfaction of performance obligations by applying five-step model.

Revenue from sale of goods in the course of ordinary activities is recognized when all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Enrollment and other incomes are recognized on accrual basis in accordance with the terms and conditions of the underlying mandates entered into with the respective customers.

Revenue from Core Banking Services ('CBS') service is recognized on accrual basis.

Revenues from other services are recognized pro-rata over the period of the contract since the customer simultaneously receives and consumes the benefits provided by the entity's performance as and when the entity performs.

Interest income is recognized on a time proportion basis at the effective interest rate.

Dividend income is recognized when right to receive dividend is established.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.15 Employee benefits

#### i. Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid within twelve months if the Company has a present or legal constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include salaries and wages, bonus and exgratia.

#### ii. Defined contribution plans

Provident fund

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

#### iii. Defined benefit plans

The following post – employment benefit plans are covered under the defined benefit plans:

##### **Gratuity Fund**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense /(income) on the net defined liability/ (assets) is computed by applying the discount rate, used to measure the net defined liability/ (asset), to the net defined liability /(asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### **Other long-term employee benefits**

Compensated absences balances up to 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 the financial year. The obligation is measured on the basis of an annual independent actuarial valuation.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.15 Employee benefits (*Continued*)

#### Share Based Payments

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded on straight line basis over the period over which the employee would be entitled to apply for the options (i.e. vesting period). The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest at the end of each reporting period.

### 1.2.16 Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# FINO PayTech Limited

## Notes to the financial statements

for the year ended 31 March 2021

(Currency: Indian Rupees in Lakhs)

### 1.2.16 Leases (*Continued*)

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Carrying amount of lease liabilities is increased by interest on lease liability and reduced by lease payments.

#### **Short-term leases and leases of low-value assets**

The company has availed for the exemption as permitted under this standard, not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 1.2.17 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand at bank and short-term investments with original maturity of three months or less.

### 1.2.18 Taxation

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

# FINO PayTech Limited

## Notes to the financial statements

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### **Current tax**

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences and carried forward to the extent that it is probable that future taxable profits will be available against which they can be used.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

### **MAT Credit**

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

# FINO PayTech Limited

## Notes to the financial statements

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### **1.2.19 Provisions and contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that may arise from past events, but probably not require an outflow of resources to settle the obligation. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

Contingent assets are not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

### **1.2.20 Investments in subsidiaries**

Investments in subsidiaries are measured at cost less impairment loss if any.

### **1.2.21 Earnings per share**

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### **1.2.22 Borrowing cost**

Expense related to borrowing cost are accounted using effective interest rate. Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowings of funds. Borrowing costs are directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period which they are incurred.

# FINO PayTech Limited

## Notes to the financial statements

*for the year ended 31 March 2021*

(Currency: Indian Rupees in Lakhs)

### 1.2.23 Standards issued but not yet effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Financial statements is required to be disclosed.

However, on 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet:**

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the financial statements.

These amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

### 2 Property, plant and equipment

#### A. Reconciliation of carrying amount

PARTICULARS	Owned Assets						Total
	Leasehold improvements	Computers/ hardware	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	
<u>Year ended 31 March 2020</u>							
Gross block							
Opening gross block	306.00	1,009.52	580.17	30.50	14.61	305.07	2,245.87
Effect of movement in exchange rates							-
Additions	17.39	89.03	-	11.12	-	8.83	126.37
Disposals	-	(20.44)	(113.62)	-	-	(38.17)	(172.23)
<b>Closing gross block</b>	<b>323.39</b>	<b>1,078.11</b>	<b>466.55</b>	<b>41.62</b>	<b>14.61</b>	<b>275.73</b>	<b>2,200.01</b>
Accumulated depreciation							
Opening accumulated depreciation	177.99	799.89	410.86	22.61	14.20	235.88	1,661.43
Depreciation charge during the year	102.63	49.77	2.45	8.97	0.08	27.90	191.80
Disposals	-	(13.36)	(106.05)	-	-	(30.96)	(150.37)
<b>Closing accumulated depreciation</b>	<b>280.62</b>	<b>836.30</b>	<b>307.26</b>	<b>31.58</b>	<b>14.28</b>	<b>232.82</b>	<b>1,702.86</b>
<b>Net block</b>	<b>42.77</b>	<b>241.81</b>	<b>159.29</b>	<b>10.04</b>	<b>0.33</b>	<b>42.91</b>	<b>497.15</b>
<u>Year ended 31 March 2021</u>							
<b>Gross block</b>							
Opening gross block	323.39	1,078.11	466.55	41.62	14.61	275.73	2,200.01
Effect of movement in exchange rates							-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
<b>Closing gross block</b>	<b>323.39</b>	<b>1,078.11</b>	<b>466.55</b>	<b>41.62</b>	<b>14.61</b>	<b>275.73</b>	<b>2,200.01</b>
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	280.62	836.30	307.26	31.58	14.28	232.82	1,702.86
Depreciation charge during the year	18.35	31.79	1.93	1.43	-	11.75	65.25
Effect of movement in exchange rates							-
<b>Closing accumulated depreciation</b>	<b>298.97</b>	<b>868.09</b>	<b>309.19</b>	<b>33.01</b>	<b>14.28</b>	<b>244.57</b>	<b>1,768.11</b>
<b>Net block</b>	<b>24.42</b>	<b>210.02</b>	<b>157.36</b>	<b>8.61</b>	<b>0.33</b>	<b>31.16</b>	<b>431.90</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

### 3 Other intangible assets

P A R T I C U L A R S	GROSS BLOCK			ACCUMULATED AMORTIZATION				NET BLOCK		
	Balance at	Additions	Disposals	Balance at	Balance at	Charge for the year	Eliminated on disposal of assets	Balance at	Balance at	Balance at
	01 April 2020			31 March 2021	01 April 2020			31 March 2021	31 March 2021	31 March 2020
Computer Software	656.12	-	-	656.12	634.06	10.71	-	644.77	11.35	22.06
<b>TOTAL</b>	<b>656.12</b>	<b>-</b>	<b>-</b>	<b>656.12</b>	<b>634.06</b>	<b>10.71</b>	<b>-</b>	<b>644.77</b>	<b>11.35</b>	<b>22.06</b>

P A R T I C U L A R S	GROSS BLOCK			ACCUMULATED AMORTIZATION				NET BLOCK		
	Balance at	Additions	Disposals	Balance at	Balance at	Charge for the year	Eliminated on disposal of assets	Balance at	Balance at	Balance at
	01 April 2019			31 March 2020	01 April 2019			31 March 2020	31 March 2020	01 April 2019
Computer Software	651.12	5.00	-	656.12	617.80	16.26	-	634.06	22.06	33.32
<b>TOTAL</b>	<b>651.12</b>	<b>5.00</b>	<b>-</b>	<b>656.12</b>	<b>617.80</b>	<b>16.26</b>	<b>-</b>	<b>634.06</b>	<b>22.06</b>	<b>33.32</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>4 Non-current investments</b>		
<b>Investments in subsidiary companies - equity instruments</b>		
<b>Unquoted Investments carried at cost</b>		
24,500 (31 March 2020 : 24,500) Equity shares of Rs. 10 each fully paid up of Fino Trusteeship Services Limited	2.45	2.45
11,076,806 (31 March 2020 : 11,076,806) Equity shares of Rs. 10 each fully paid up of Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	12,824.09	12,824.09
9,999 (31 March 2020 : 9,999) Equity shares of Rs. 10 each fully paid up of Fino Financial Services Private Limited	1.00	1.00
44,579,991 (31 March 2020 : 44,579,991) Equity shares of Rs. 10 each fully paid up of Fino Payments Bank Limited (Formerly known as Fino Fintech Limited)	45,016.70	45,016.70
Less: Provision for other than temporary impairment	(3.45)	(2.45)
<b>Investment carried at fair value through other comprehensive income (FVTOCI)-equity instruments</b>		
3,030 (31 March 2020 : 3030) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	272.22	484.80
<b>Deemed investment in subsidiary</b>		
Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	231.05	221.66
Fino Payments Bank Limited (Formerly known as Fino Fintech Limited)	749.65	625.80
<b>Total</b>	<b>59,093.71</b>	<b>59,174.05</b>
(a) Aggregate amount of unquoted investments	59,097.16	59,176.50
(b) Aggregate amount of impairment in value of investments	(3.45)	(2.45)
<b>5 Loans</b>		
<b>Unsecured, considered good</b>		
Security deposits	119.31	72.03
<b>Unsecured, considered doubtful</b>		
Security deposits	100.65	131.47
Less: Allowance for doubtful deposit	(100.65)	(131.47)
<b>Total</b>	<b>119.31</b>	<b>72.03</b>
<b>6 Other financial assets</b>		
Deposits with banks (maturing after 12 months from the reporting date)*	186.44	441.02
Less: Allowance for bank balances other than cash and cash equivalents	(0.04)	(0.09)
<b>Total</b>	<b>186.40</b>	<b>440.93</b>
* Represents deposits of Rs. 0.85 lakhs (Previous year Rs. 28.60 lakhs) provided against the pending litigations under Value Added Tax Act and sales tax registration purpose.		
<b>7 Other non-current assets</b>		
Deposits with Government Authorities	329.36	329.36
Balances with Government Authorities	-	-
Prepaid expenses	5.41	20.64
<b>Total</b>	<b>334.77</b>	<b>350.00</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>8 Inventories</b>		
Work-in-progress	-	-
Stock-in-trade*	3,214.88	3,341.49
Less : Impairment of inventories	(2,150.44)	(2,150.44)
<b>Total</b>	<u>1,064.44</u>	<u>1,191.05</u>
*Inventories are valued at lower of cost or net realisable value.		
<b>9 Trade receivables</b>		
<b>Trade receivables</b>		
Unsecured considered good	752.72	2,075.25
Unsecured, considered doubtful	502.45	2,192.30
Less: Allowance for doubtful debts	(502.45)	(2,192.30)
<b>Total</b>	<u>752.72</u>	<u>2,075.25</u>
<b>Of the above, trade receivables from related parties are as below:</b>		
Total trade receivables from related parties (Refer Note 39)	308.89	520.91
Less: Allowance for doubtful debts	-	-
<b>Total</b>	<u>308.89</u>	<u>520.91</u>
<b>10 Cash and cash equivalents</b>		
a. Balance with banks :		
In current account	91.11	144.50
In escrow account	-	-
In deposits with original maturity of less than 3 months	169.03	670.59
b. Cash on hand	-	1.06
Less: Allowance for cash and cash equivalents	(0.05)	(0.03)
<b>Total</b>	<u>260.09</u>	<u>816.12</u>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>11 Bank balances other than cash and cash equivalents</b>		
Other bank balances*	50.17	50.17
Deposits with banks**	1,008.33	214.23
Fixed deposits (with original maturity in excess of three months and due to mature within 12 months from the reporting date)	-	-
Less: Allowance for bank balances other than cash and cash equivalents	(0.21)	(0.05)
<b>Total</b>	<b>1,058.29</b>	<b>264.35</b>
*Represents bank balance on account of corresponding creditors.		
** Represents deposits of Rs. 222.15 lakhs (Previous year Rs. 190.12 lakhs) provided against the pending litigations under Value Added Tax Act and other matters.		
<b>12 Loans</b>		
<b>Unsecured, considered good</b>		
Loans to related parties (Refer note 39)	-	-
Loans to employees/contractual staff	0.08	5.95
Security deposits	9.78	30.09
<b>Unsecured, considered doubtful</b>		
Security deposits	1.90	22.55
Less: Allowance for doubtful deposit	(1.90)	(22.55)
<b>Total</b>	<b>9.86</b>	<b>36.04</b>
<b>13 Other financial assets</b>		
<b>Unsecured, considered good</b>		
Others	-	31.35
<b>Unsecured, considered doubtful</b>		
Others	-	-
Less: Allowance for other financial assets	-	-
<b>Total</b>	<b>-</b>	<b>31.35</b>
<b>14 Other current assets</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	42.48	85.22
Advance to employees	8.23	22.69
Advance for expenses	10.73	2.24
Advance to supplier for goods / services	70.42	137.36
<b>Total</b>	<b>131.86</b>	<b>247.51</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>15 Share capital</b>		
<b>a Authorised :</b>		
Equity shares of INR 10 each	12,000.00	12,000.00
120,000,000 (31 March 2020 : 120,000,000) Equity shares		
Fully convertible Preference shares of INR 10 each	5,000.00	5,000.00
50,000,000 (31 March 2020 : 50,000,000) Preference shares		
<b>Total</b>	<b>17,000.00</b>	<b>17,000.00</b>
<b>b Issued and subscribed and paid up:</b>		
99,628,111 (31 March 2020 : 98,907,611 ) Equity shares fully paid up	9,962.81	9,890.76
2,643,210 (31 March 2020 : 2,643,210) 9.00% Fully convertible preference shares of class - A fully paid up	264.32	264.32
9,919,694 (31 March 2020 : 9,919,694) 0.005% Fully convertible preference shares of class - B fully paid up	991.97	991.97
11,268,311 (31 March 2020 : 11,268,311) 12.00% Fully convertible preference shares of class - C fully paid up	1,126.83	1,126.83
<b>Total</b>	<b>12,345.93</b>	<b>12,273.88</b>
<b>c Reconciliation of number of shares outstanding at the beginning and end of the year :</b>		
<b>Equity share :</b>		
Outstanding at the beginning of the year	98,907,611	98,786,361
Equity shares issued during the year pursuant to exercise of ESOPs	720,500	121,250
Outstanding at the end of the year	<b>99,628,111</b>	<b>98,907,611</b>
<b>Preference share :</b>		
Outstanding at the beginning of the year	23,831,215	23,831,215
Converted into equity during the year	-	-
Outstanding at the end of the year	<b>23,831,215</b>	<b>23,831,215</b>
<b>d Terms / rights attached to each classes of shares</b>		
<b>1. Rights, preferences and restrictions attached</b>		

Equity Shares : The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the current year, the company has not declared any dividend (Previous year:Nil)

Preference shares : All the Fully convertible preference share (FCPS) holders carry one voting right for each share held by them. Holder of Series A, B and C Preference shares were entitled to Dividend of Rs.195,938,615, Rs.230,342 and Rs.360,493,144, respectively, ("Past Dividend Amount") and shall be paid in accordance with applicable Laws as and when the Company has sufficient funds to make such payment, whether in full or in part. The full payment of the Past Dividend Amounts shall be made by the Company before declaring any dividends (other than for purposes of payment of Past Dividend Amounts) on or after the date of the Shareholders Agreement dated 29th July, 2016. The Preference Shareholders shall, in addition to the respective accumulated preference dividend noted above, be entitled to, a minimum guaranteed dividend of 0.001% on the face value of the Preference Shares in accordance with applicable Laws; and the Company shall not, after full payment of Past Dividend Amounts, declare any dividend that is payable only to a select class of Shareholders.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>16 Other equity</b>		
<b>Reserves and Surplus</b>		
Securities premium	58,215.34	57,902.90
Share based payments reserves	863.74	737.70
Retained earnings	(14,526.78)	(12,923.60)
Share application money pending allotment	-	-
Equity investments through other comprehensive income	17.93	175.24
<b>Total</b>	<b>44,570.23</b>	<b>45,892.24</b>
<b>Securities premium</b>		
Opening balance	57,902.90	57,823.08
Additions during the year	312.44	79.82
<b>Closing balance</b>	<b>58,215.34</b>	<b>57,902.90</b>
<b>Fully convertible preference shares</b>		
Opening balance	-	-
Conversions during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Share warrants in the nature of equity</b>		
Opening balance	-	-
Additions during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Share based payments reserve</b>		
Opening balance	737.70	489.70
Additions during the year	126.04	248.00
<b>Closing balance</b>	<b>863.74</b>	<b>737.70</b>
<b>Retained earnings</b>		
Opening balance	(12,923.60)	(13,698.39)
Net profit (loss) for the year	(1,603.89)	805.98
Other comprehensive income	0.71	(38.03)
ESOP options lapsed	-	6.84
<b>Closing balance</b>	<b>(14,526.78)</b>	<b>(12,923.60)</b>
<b>Equity investments through other comprehensive</b>		
Opening balance	175.24	175.24
Net profit/(loss) for the year	(157.31)	-
<b>Closing balance</b>	<b>17.93</b>	<b>175.24</b>
	<b>44,570.23</b>	<b>45,892.24</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>17 Non-current financial liabilities - Other Financials Liabilities</b>		
Lease liability	1,075.78	1,085.51
<b>Total</b>	<b>1,075.78</b>	<b>1,085.51</b>
<b>18 Non-current liabilities - Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity [Refer note 35]	52.94	54.91
Compensated absences [Refer note 35]	2.87	4.10
<b>Other provision</b>		
Provision for litigation*	102.20	48.03
<b>Total</b>	<b>158.01</b>	<b>107.04</b>
<p>* During the year ended 31 March 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lakhs towards cess on purchases within the NMMC jurisdiction. During the current year FY 20-21, same has been provided fully.</p>		
<b>19 Other non-current liabilities</b>		
Contract liabilities (Refer Note 23)	20.40	28.37
<b>Total</b>	<b>20.40</b>	<b>28.37</b>
<b>20 Financial liabilities - Borrowings</b>		
<b>Secured</b>		
Loans from banks*	71.17	473.09
<b>Unsecured</b>		
Liability component of compound financial instrument	-	-
<b>Unsecured</b>		
Loans from related parties	-	-
<b>Total</b>	<b>71.17</b>	<b>473.09</b>
<p>*FD OD facility is from ICICI bank limited at the rate of 5.40 % p.a.</p>		
<b>21 Trade payables</b>		
Dues to micro and small enterprises (Refer note 42)	-	-
Dues to other than micro and small enterprises	1,028.53	1,388.53
<b>Total</b>	<b>1,028.53</b>	<b>1,388.53</b>

Disclosure of outstanding dues of Micro and Small Enterprise under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors. There is no undisputed amount overdue as on 31 March 2021, to micro and small enterprises on account of principal or interest.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>22 Other current financial liabilities</b>		
Interest accrued but not due on borrowings	0.82	3.03
Current maturities of long-term borrowings	-	0.00
Unpaid dividends	5,566.62	5,566.62
Security deposits collected from agents	39.77	46.90
Other payables (Refer note 39)	308.19	451.75
Lease liability	114.67	80.64
<b>Total</b>	<b>6,030.07</b>	<b>6,148.94</b>
<b>23 Other current liabilities</b>		
Advances from customers	28.89	170.78
Statutory dues payable	41.70	118.36
Contract liabilities	32.48	24.83
Other current liabilities	23.95	15.22
<b>Total</b>	<b>127.02</b>	<b>329.19</b>
<b>24 Current liabilities - Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity [Refer note 35]	9.96	3.21
Bonus payable	38.34	23.29
Compensated absences [Refer note 35]	0.82	0.54
<b>Other provisions :</b>		
Provision for expected loss on first loss default guarantee	807.65	564.05
Provision for inventory	-	-
<b>Total</b>	<b>856.77</b>	<b>591.09</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>25 Revenue from operations</b>		
<b>Sales of products and services</b>		
Sale of products	341.25	2,314.63
Core banking solution Services, enrollment income and other services	1,585.60	3,911.82
<b>Total</b>	<b>1,926.85</b>	<b>6,226.45</b>
<b>26 Other income</b>		
Interest received on financial assets carried at amortised cost		
- Deposits with banks	89.27	44.00
- Others	42.69	86.60
Profit / (loss) on disposal of property, plant and equipment	0.27	11.36
Miscellaneous income, net	174.78	45.80
<b>Total</b>	<b>307.01</b>	<b>187.76</b>
<b>27 Purchase of goods and services</b>		
Purchase of goods - cards and devices	124.38	881.52
Enrollment expenses	127.15	1,217.87
Other direct cost	618.11	675.49
<b>Total</b>	<b>869.64</b>	<b>2,774.88</b>
<b>28 Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
<b>Opening stock :</b>		
Traded goods	3,341.49	3,915.29
Work-in-progress	-	-
<b>Closing stock:</b>		
Traded goods	3,214.88	3,341.49
Work-in-progress	-	-
<b>Changes in inventories:</b>		
<b>Changes in inventories of stock-in-trade and work-in-progress</b>		
Traded goods	126.61	573.80
Work-in-progress	-	-
Less : Provision	-	-
<b>Total</b>	<b>126.61</b>	<b>573.80</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>29 Employee benefit expense</b>		
Salaries, wages and bonus	630.22	834.43
Contribution to provident fund and other funds	40.98	37.25
Share based expense	3.71	10.23
Staff welfare expenses	13.16	35.67
<b>Total</b>	<b>688.07</b>	<b>917.58</b>
<b>30 Finance costs</b>		
Interest on borrowings	23.58	123.53
Other borrowing costs	-	-
Interest on lease liability	154.77	80.92
<b>Total</b>	<b>178.35</b>	<b>204.45</b>
<b>31 Other expenses</b>		
Repairs and maintenance	39.21	42.56
Rent	-	-
Rates and taxes	78.81	-
Insurance	42.84	41.68
Bank charges	3.59	45.26
Power and fuel	8.35	25.76
Communication	30.84	20.71
Travelling and conveyance	25.72	30.10
Legal and professional	113.04	355.76
Stationery and printing	0.09	2.24
Directors sitting fees	12.50	9.89
Payment to auditors		
- Statutory audit	22.92	24.00
- Reimbursement of expenses	-	-
Provisions / (write back) for doubtful trade receivables and inventory	1,259.68	151.11
Corporate social responsibility (CSR) (Refer note 44)	-	-
Advertisement, publicity and sales promotion expenses	0.36	0.22
Miscellaneous expenses	53.83	72.11
<b>Total</b>	<b>1,691.78</b>	<b>821.40</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 1. Financial instruments – Fair values and risk management

#### A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2021	Carrying amount		Total	Fair value			Total
	Amortised Cost	Fair value through other comprehensive income		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>							
Investment in unquoted equity instruments		272.22	272.22	-	-	272.22	272.22
<b>Financial assets measured at amortised cost</b>							
<b>Non current financial assets</b>							
Loans							
- Security deposits	119.31		119.31	-	-	111.43	111.43
Other financial assets	186.40		186.40	-	-	207.16	207.16
<b>Current financial assets</b>							
Trade receivables	752.72		752.72	-	-	-	752.72
Cash and cash equivalents	260.09		260.09	-	-	-	260.09
Other bank balances	1,058.29		1,058.29	-	-	-	1,058.29
Loans							
- Security deposits	9.78		9.78	-	-	-	9.78
- Loans to employees	0.08		0.08	-	-	-	0.08
- Loans to related parties	-		-	-	-	-	-
Other current financial assets	-		-	-	-	-	-
	<b>2,386.67</b>	<b>272.22</b>	<b>2,658.89</b>	<b>-</b>	<b>-</b>	<b>590.81</b>	<b>2,671.77</b>
<b>Non-current financial liabilities</b>							
Lease liability	1,075.78		1,075.78	-	-	1,075.78	1,075.78
<b>Current financial liabilities</b>							
Current borrowings	71.17		71.17	-	-	-	71.17
Trade payables	1,028.53		1,028.53	-	-	-	1,028.53
Other current financial liabilities	6,030.07		6,030.07	-	-	-	6,030.07
	<b>8,205.55</b>	<b>-</b>	<b>8,205.55</b>	<b>-</b>	<b>-</b>	<b>1,075.78</b>	<b>8,205.55</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 1. Financial instruments – Fair values and risk management (Continued)

#### A. Accounting classification and fair values (Continued)

31 March 2020	Carrying amount		Total	Level 1	Level 2	Fair value	
	Amotised Cost	Fair value through other comprehensive income				Level 3	Total
Financial assets measured at fair value							
Investment in unquoted equity instruments		484.80	484.80	-	-	484.80	484.80
Financial assets measured at amortised cost							
Investment in subsidiaries			-				-
Non current financial assets							
Loans							
- Security deposits	72.03		72.03	-	-	74.71	74.71
Other financial assets	440.93		440.93			452.06	452.06
Financial assets not measured at fair value							
Investments - Mutual funds			-				-
Investment in subsidiaries	-		-				-
Non current loans							
Loans to employees	-		-				-
Current financial assets							
Trade receivables	2,075.25		2,075.25	-	-	-	2,075.25
Cash and cash equivalents	816.12		816.12	-	-	-	816.12
Other bank balances	264.35		264.35	-	-	-	264.35
Loans							
- Security deposits	30.09		30.09	-	-	-	30.09
- Loans to employees	5.95		5.95	-	-	-	5.95
- Loans to related parties	-		-	-	-	-	-
Other current financial assets	31.35		31.35	-	-	-	31.35
	<u>3,736.07</u>	<u>484.80</u>	<u>4,220.87</u>	<u>-</u>	<u>-</u>	<u>1,011.57</u>	<u>4,234.68</u>
Financial liabilities measured at amortised cost							
Lease liability	1,085.51		1,085.51			1,085.51	1,085.51
Long term borrowings	-		-				-
Short term borrowings	473.09		473.09	-	-	-	473.09
Trade payables	1,388.53		1,388.53	-	-	-	1,388.53
Other Non-Current financial liabilities			-	-	-	-	-
Other current financial liabilities	6,148.94		6,148.94	-	-	-	6,148.94
	<u>9,096.07</u>	<u>-</u>	<u>9,096.07</u>	<u>-</u>	<u>-</u>	<u>1,085.51</u>	<u>9,096.07</u>

(1) Assets that are not financial assets such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid, are not included.

(2) Other liabilities that are not financial liabilities such as statutory dues payable, deferred revenue, advances from customers and certain other accruals, are not included

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 1. Financial instruments – Fair values and risk management (Continued)

#### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

a. Fair value of cash and cash equivalent, other bank balance, loan to employees, loan to related parties, trade and short term receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

b. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

#### Financial instruments measured at fair value

Type	Valuation technique
Investment in equity instruments	For valuation of investment in equity instruments, discounted cash flow method is used to capture the present value of expected future economic benefits. Under the discounting cash flow method, the net cash flows expected to be generated are discounted using weighted average cost of capital.
Security deposits	The valuation model considers present value of expected payments discounted using the Government of India bond rate for the remaining maturity of the instrument.

Sensitivity analysis on level 3 fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

31 March 2021				
Significant observable inputs	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	5.00%	4.93	3.00%	(4.56)
Cost of equity	27.89%	37.27	32.89%	(28.98)

31 March 2020				
Significant observable inputs	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	5.50%	7.51	4.50%	(7.20)
Cost of equity	27.00%	39.40	29.00%	(18.83)

#### C. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ;
- Market risk ; and
- Interest rate risk

##### i. Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

# FINO PayTech Limited

## Notes to the financial statements *(Continued)*

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management *(Continued)*

#### C. Financial risk management *(Continued)*

##### ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other financial assets including security deposits.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables and security deposits as mentioned below. Both trade receivables and security deposits are unsecured.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. Accordingly, the Company makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals.

##### a. Credit concentration and collaterals held

Concentration of credit risk with respect to trade receivables are limited, due to the Company's customer base being diverse. All trade receivables are reviewed and assessed for default on a periodic basis. The company does not hold any collaterals as security.

##### b. Amounts arising from ECL

##### i. Inputs, assumptions and techniques used for estimating impairment on trade receivables

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on the receivables outstanding for more than 180 days.

For financial assets other than trade receivables company applies general expected credit loss model for measurement and recognition of impairment loss.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### ii. Ageing of trade receivables

<b>Gross Trade receivables</b>	<b>31 March 2021</b>	31 March 2020
Less Than 180 days	692.55	1,834.18
More than 180 days	562.62	2,433.37
<b>Closing balance</b>	<b>1,255.17</b>	4,267.55

##### iii. Loss allowance

The following table shows movement in the loss allowance in respect of trade receivables and other loans and advances:

<b>Trade receivables</b>	<b>31 March 2021</b>	31 March 2020
Opening balance	2,192.30	2,552.64
Net Impairment loss recognised	-	-
Balance written back	(1,689.85)	(360.34)
<b>Closing balance</b>	<b>502.45</b>	2,192.30

<b>First Loss Default Guarantee*</b>	<b>31 March 2021</b>	31 March 2020
Opening balance	564.05	449.90
Net Impairment loss recognised	243.60	114.15
Balance written back	-	-
<b>Closing balance</b>	<b>807.65</b>	564.05

\*First Loss Default Guarantee is provided to Fino Finance Private Limited for the BC (Business correspondent) business.

<b>Other advances</b>	<b>31 March 2021</b>	31 March 2020
Opening balance	154.02	96.24
Net Impairment loss recognised	(51.47)	57.78
Balance written back	-	-
<b>Closing balance</b>	<b>102.55</b>	154.02

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Maturity profile of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments. .

31 March 2021	Contractual cash flows						
	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Borrowings:							
Working capital loans from banks	71.17	71.17	71.17	-	-	-	-
Trade and other payables	1,028.53	1,028.53	1,028.53	-	-	-	-
Lease Liability	1,190.45	1,789.13	127.33	129.43	263.27	740.89	528.20
Other current financial liabilities	5,915.40	5,915.40	5,915.40	-	-	-	-

31 March 2020	Contractual cash flows						
	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Borrowings:							
Working capital loans from banks	473.09	473.09	473.09	-	-	-	-
Trade and other payables	1,388.53	1,388.53	1,388.53	-	-	-	-
Lease Liability	1,166.15	1,866.61	110.03	112.04	228.30	711.12	705.12
Other current financial liabilities	6,068.30	6,068.30	6,068.30	-	-	-	-

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### iv. Market risk

In the course of its business, the Company is exposed to certain financial risks namely interest risk, currency risk and liquidity risk. The Company's preliminary focus is to achieve better predictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

##### Currency risk

The Company is exposed to currency risk on account of its trade receivables, trade payables and other financial assets in foreign currency. The functional currency of the Company is Indian Rupee.

##### Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)

The currency profile of financial assets and financial liabilities as at 31 March 2021 and 31 March 2020 are as below:

	31 March 2021 USD	31 March 2021 EURO	31 March 2021 BDT
<b>Financial assets</b>			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
	-	-	-
<b>Financial liabilities</b>			
Trade and other payables	-	-	-
	-	-	-
	31 March 2020 USD	31 March 2020 EURO	31 March 2020 BDT
<b>Financial assets</b>			
Cash and cash equivalents	0.17	0.59	-
Trade and other receivables	-	-	-
	0.17	0.59	-
<b>Financial liabilities</b>			
Trade and other payables	-	-	-
	-	-	-

The following significant exchange rates have been applied during the year.

	Year-end spot rate	
	31 March 2021	31 March 2020
INR		
USD 1	-	75.37
EUR 1	-	83.08
BDT 1	-	-

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

#### iv. Market risk (Continued)

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against the foreign currencies at 31 March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant.

	Profit / (loss)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2021</b>				
USD - 3% Movement	-	-	-	-
EUR - 3% Movement	-	-	-	-
BDT - 3% Movement	-	-	-	-
	-	-	-	-
<b>31 March 2020</b>				
USD - 3% Movement	0.01	(0.01)	0.00	(0.00)
EUR - 3% Movement	0.02	(0.02)	0.01	(0.01)
BDT - 3% Movement	-	-	-	-
	0.03	(0.03)	0.01	(0.01)

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 32 Financial instruments – Fair values and risk management (Continued)

#### v. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily to the Company's borrowings with floating interest rates.

#### Exposure to interest rate risk

Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	31 March 2021	31 March 2020
<b>Borrowings</b>		
Fixed rate borrowings	-	-
Variable rate borrowings	71.17	473.09
<b>Total borrowings</b>	<b>71.17</b>	<b>473.09</b>

#### Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit / (loss)		Equity (net of tax)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 March 2021</b>				
Variable-rate instruments	(0.71)	0.71	(0.53)	0.53
<b>Cash flow sensitivity</b>	<b>(0.71)</b>	<b>0.71</b>	<b>(0.53)</b>	<b>0.53</b>
<b>31 March 2020</b>				
Variable-rate instruments	(4.73)	4.73	(3.50)	3.50
<b>Cash flow sensitivity</b>	<b>(4.73)</b>	<b>4.73</b>	<b>(3.50)</b>	<b>3.50</b>

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

# FINO PayTech Limited

## Notes to the financial statements *(Continued)*

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 33 Capital Management

The Company's objectives when managing capital are to (a) maximise shareholders value and provide benefit to the stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities (Non current and Current liability) less cash and cash equivalents. Equity comprises all components of equity.

	<u>31 March 2021</u>	<u>31 March 2020</u>
Total liabilities	9,507.81	10,325.60
<b>Gross Debt</b>	<b>9,507.81</b>	10,325.60
Less - Cash and Cash Equivalents	(260.09)	(816.12)
Less - Other Bank Deposits	<b>(1,058.29)</b>	(264.35)
<b>Adjusted Net debt</b>	<b>8,189.43</b>	9,245.13
<b>Total equity</b>	<b>57,466.16</b>	58,716.12
Adjusted Net debt to equity ratio	<b>0.14</b>	0.16

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Share-based payment arrangements:

#### A. Description of share-based payment arrangements

##### i. Share option programmes (equity-settled)

The Company has only one Employee Stock Option Plan ESOP II 2007 ('Plan') in force for a total grant of 2,34,63,000 options across the various schemes under the said Plan. The Plan provides that the Company's employees are granted an option to acquire equity shares of the Company that vests in a graded manner. During the current year an amendment has been made to the employee stock option scheme with reference to exercise of vested option by Option Grantee's nominee or legal heirs in case of death of option holder in accordance with which, all Vested Options may be Exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than five years from the date of Death of the option holder. This amendment has come into force from 24th May, 2017.

#### ESOP

Grant Date	No. of Options	Exercise Price	Vesting Period (years)	Vesting Conditions
1-Jan-07	2,135,000	10.00	2 to 5	At the end of 1 year Nil and 25% of options at the end of years 2, 3, 4 and 5 respectively.
3-Sep-07	1,345,000	20.00	2 to 5	At the end of 1 year Nil and 25% of options at the end of years 2, 3, 4 and 5 respectively.
1-Sep-08	1,870,000	20.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Apr-09	3,265,000	20.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-10	3,035,000	30.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Oct-11	2,366,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-12	82,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-12	1,894,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-14	200,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
6-Feb-15	2,500,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Jul-15	75,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Dec-15	1,000,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
15-Apr-16	10,000	70.64	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Dec-16	50,000	70.64	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
16-Aug-17	1,995,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
3-Apr-18	100,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-18	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
30-Aug-18	50,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-19	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Jul-19	980,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively

The weighted average share price as at the date of exercise of options exercised during the year ended 31 March 2021 was INR 51.86 (31 March 2020 : INR 100). Since the company is not listed, the share price available during the year is taken as the weighted average share price.

Share options outstanding at the end of the period have the following exercise price. As per the ESOP scheme-II 2007, while in employment the employee can exercise the vested options till the time it is listed in a stock exchange and three years from the date of vesting. Additionally, in the case of resignation/termination, all the vested options as on the last working day of the employee shall be exercisable before the expiry of three years from the his/ her last working day. Hence, the contractual life of the options is not determinable.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Share-based payment arrangements: (Continued)

Grant date	Exercise price	Share options 31 March 2021	Share options 31 March 2020
1-Jan-07	10	-	100,000
03-Sep -07 to 01 Apr-09	20	873,500	1,086,000
1-Aug-10	30	495,000	495,000
01-Oct-11 to 01-Mar-12	75	744,000	869,000
01-Aug-12 to 01-Dec-15	80	2,226,250	2,488,250
01-Apr-16 to 01-Dec-16	71	428,000	439,000
06-Aug-17 to 03-Apr-18	100	1,200,000	1,586,250
01-Aug-18 to 01-Mar-19	105	322,500	537,500
1-Jul-19	100	226,250	955,000

#### B. Measurement of fair values

##### i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behavior.

Grant date	31 March 2021	31 March 2020
	Nil	1-Jul-19
Fair value at grant date	Nil	INR 22.89- Year 1 INR 28.02- Year 2 INR 32.80 - Year 3 INR 37.26 - Year 4
Share price at grant date	Nil	100.00
Exercise price	Nil	100
Expected volatility (weighted-average)	Nil	20.00%
Expected life (weighted-average)	Nil	4.50
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	Nil	6.2% - 6.6%

The following table lists the average inputs to the models used for the plans for the year ended 31 March 2021.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility of market returns, during a period equivalent to the option life, and adjusted for company's nature of operations and industry category.
Expected dividends	Dividend yield of the options is based on past trends of profitability and management's estimates of future dividends..
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government of India securities yield in effect at the time of the grant.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Share-based payment arrangements: (Continued)

#### C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme.

Particulars	31 March 2021		31 March 2020	
	Average exercise price per share per option	Number of options	Average exercise price per share per option	Number of options
Options outstanding as at the beginning of the year	75.20	8,556,000	72.21	7,844,750
Add: Options granted during the year	-	-	100.00	980,000
Less: Options exercised during the year	51.86	720,500	66.18	121,250
Less: Options lapsed during the year	100.00	93,750	88.85	147,500
Options outstanding as at the year end	77.07	7,741,750	75.20	8,556,000
Options exercisable as at the year end	72.59	6,515,500	67.35	6,548,500

#### D. Expenses arising from share based payment transactions

The total expenses arising from share based payment transactions recognised profit or loss as part of employee benefit expenses is INR 3.71 lakhs (31 March 2020 : INR 10.23 lakhs)

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 35 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

#### A. Defined Contribution Plans:

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

The Company has recognised INR 37.30 lakhs for 31 March 2021 ( 31 March 2020: 59.31 lakhs) as expenditure and included under 'Employee benefit expenses' in the Statement of Profit and Loss.

#### Gratuity

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

#### 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.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity amount recognised in the Company's financial statements as at balance sheet date:

	Note	Gratuity	
		31 March 2021	31 March 2020
Liability at the end of the year	18,24	62.90	58.12
Fair value of Plan Assets at the end of the year		-	-
Amount recognised in Balance sheet		62.90	58.12

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 35 Employee benefits (Continued)

#### D. Defined benefit obligations

##### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	6.15%	6.75%
Expected Rate of Return on Plan Assets		
Salary escalation rate	5.20%	10.3% for first two years & 8% thereafter
Withdrawal rate	15.00%	7.00%
Mortality rate	IALM 2012-14 Ultimate	IALM 2012-14 Ultimate

##### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Gratuity			
	31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3.47)	3.88	(40.50)	(38.89)
Future salary growth (1% movement)	3.88	(3.53)	(38.91)	(40.50)
Withdrawal rate (1% movement)	0.51	(1.69)	(39.83)	(39.62)
Mortality Rate (10% movement)	0.01	(0.00)	(0.02)	0.02

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2021 were as follows:

##### Expected future benefit payments

31 March 2022	9.96
31 March 2023	9.21
31 March 2024	8.47
31 March 2025	7.73
31 March 2026	6.91
Thereafter	53.75

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 35 Employee benefits (Continued)

#### B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Particulars	Gratuity					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Opening balance	58.12	18.40	-	-	58.12	18.40
Adjustments to opening balance on account of employee transfer		-			-	-
Adjusted opening balance	58.12	18.40			58.12	18.40
Included in profit or loss						
Current service cost	10.08	7.38	-	-	10.08	7.38
Past service cost			-	-		
Interest cost (income)	3.92	1.29	-	-	3.92	1.29
	72.12	27.07	-	-	72.12	27.07
<b>Included in OCI</b>						
Actuarial loss (gain) arising from:						
Demographic assumptions	1.89	7.46			1.89	7.46
Financial assumptions	(17.42)	3.67	-	-	(17.42)	3.67
Experience adjustment	14.82	26.89	-	-	14.82	26.89
Return on plan assets excluding interest income						-
	71.41	65.09	-	-	71.41	65.09
<b>Other</b>						
Contributions paid by the employer						
Benefits paid	(8.51)	(6.97)	-	-	(8.51)	(6.97)
Closing balance	62.90	58.12	-	-	62.90	58.12

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 35 Employee benefits (Continued)

#### C. Components of defined benefit plan cost:

Particulars	Gratuity	
	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Recognised in Income Statement</b>		
Current service cost	10.08	7.38
Interest cost / (income) (net)	3.92	1.29
Unrecognised Past Service Cost- non vested benefits	-	-
Past service cost	-	-
<b>Total</b>	<b>14.00</b>	<b>8.67</b>
<b>Recognised in Other Comprehensive Income</b>		
Remeasurement of net defined benefit liability/(asset)	(0.71)	38.03
Return on plan assets excluding net interest	-	-
<b>Cumulative post employment (gains) recognised in the SOCIE</b>	<b>(0.71)</b>	<b>38.03</b>

#### D. Category of assets

Category of assets	For the year ended 31 March 2021	For the year ended 31 March 2020
Corporate bonds	-	-
Equity shares	-	-
Government securities	-	-
Insurer managed funds	-	-
Bank balances	-	-
Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Notes to the financial statements (continued)**

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**Note 36 : Leases**

**Right-of-use (ROU) asset**

Particulars	Building	Office Equipment	Total
<b>Gross Block</b>			
Opening balance as on 1 April 2019	-	-	-
Additions	878.41	362.85	1,241.26
Deletions	-	-	-
Closing Balance as on 31 March 2020	878.41	362.85	1,241.26
<b>Accumulated depreciation</b>			
Opening balance as on 1 April 2019	-	-	-
Depreciation for the period	64.81	9.98	74.79
Depreciation on deletions	-	-	-
Closing Balance as on 31 March 2020	64.81	9.98	74.79
<b>Net block</b>	813.60	352.87	1,166.47
<b>Gross Block</b>			
Opening balance as on 1 April 2020	878.41	362.85	1,241.26
Additions		120.08	120.08
Deletions	-	-	-
<b>Closing Balance as on 31 March 2021</b>	<b>878.41</b>	<b>482.93</b>	<b>1,361.34</b>
<b>Accumulated depreciation</b>			
Opening balance as on 1 April 2020	64.81	9.98	74.79
Depreciation for the period	99.16	52.91	152.07
Depreciation on deletions	-	-	-
<b>Closing Balance as on 31 March 2021</b>	<b>163.97</b>	<b>62.89</b>	<b>226.86</b>
<b>Net block</b>	<b>714.44</b>	<b>420.04</b>	<b>1,134.48</b>

Lease liabilities included in the balance sheet	As at 31 March 2021	As at 31 March 2020
Current	114.67	80.64
Non-current	1,075.78	1,085.51
	<b>1,190.45</b>	1,166.15

Amounts recognised in the statement of profit and loss	For the year ended	For the year ended 31 March 2020
Interest on lease liabilities	154.77	80.92
Income from sub-leasing right-to-use assets	(206.83)	(134.99)
Expenses relating to short-term leases	85.15	116.15
<b>Total</b>	<b>33.09</b>	62.08

The maturity analysis of lease liabilities are disclosed in Note no. 32 of Financial instruments-Liquidity risk.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 37 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

#### i. Profit attributable to Equity share holders of the Company

	31 March 2021	31 March 2020
Profit attributable to equity share holders of the Company:		
Continuing operations	(1,603.89)	805.98
Less: Preference Dividend including tax thereon	(0.03)	(0.03)
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>(1,603.92)</b>	<b>805.95</b>
<b>Profit attributable to equity holders of the Company adjusted for the effect of basic and dilution</b>	<b>(1,603.92)</b>	<b>805.95</b>

#### ii. Weighted average number of ordinary shares

	31 March 2021	31 March 2020
Issued ordinary shares at 01 April 2019	98,907,611	98,786,361
Effect of share options exercised	206,755	37,116
<b>Weighted average number of shares at 31 March 2021</b>	<b>99,114,366</b>	<b>98,823,477</b>
<b>Additions:-</b>		
Share options		
Convertible preference shares	23,831,215	23,831,215
Share warrants	5,500,000	5,500,000
<b>Weighted average number of shares at 31 March 2021 for Basic EPS</b>	<b>128,445,581</b>	<b>128,154,692</b>
Weighted average number of shares at 31 March 2021	128,445,581	128,154,692
Add: Potential Equity Shares	2,124,711	2,686,590
<b>Weighted average number of shares at 31 March 2021 for Basic EPS</b>	<b>130,570,292</b>	<b>130,841,282</b>

#### Basic and Diluted earnings per share

	31 March 2021	31 March 2020
	Rs.	Rs.
<b>Basic earnings per share</b>	<b>(1.25)</b>	<b>0.63</b>
<b>Diluted earnings per share*</b>	<b>(1.25)</b>	<b>0.62</b>

\* Diluted earnings per share is considered equal to basic earnings per share as diluted earnings per share is anti-dilutive.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 38 Tax expense

#### (a) Amounts recognised in profit and loss

	For the year ended 31 March 2021	For the year ended 31
<b>Current income tax</b>		
Current period	-	33.28
Changes in estimated related to prior years	-	-
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	55.27	-
<b>Deferred tax expense</b>	55.27	-
<b>Tax expense for the year</b>	55.27	33.28

#### (b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2021			For the year ended 31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of defined benefit liability (asset)	0.71	-	0.71	(38.03)	-	(38.03)
Equity instrument through OCI	(212.58)	55.27	(157.31)	-	-	-
<b>Items that will be reclassified to profit or loss</b>						
Items that will be reclassified to profit or loss	-	-	-	-	-	-
	(211.87)	55.27	(156.60)	(38.03)	-	(38.03)

#### (c) Reconciliation of effective tax rate

	For the year ended 31 March 2021		For the year ended 31 March 2020	
<b>Profit before tax</b>		(1,548.62)		839.26
Tax using the Company's domestic tax rate	26.00%	(402.64)	26.00%	218.21
<b>Tax effect of:</b>				
Tax effects of amounts which are not deductible for taxable income	0.00%	-	0.00%	-
Notional income not subject to tax	0.00%	-	0.00%	-
Items on which no deferred tax was recognized	-29.57%	457.91	-1.68%	(14.13)
Reversal of deferred tax asset on account of reasonable certainty	0.00%	-	0.00%	-
Reversal of unused tax credit on account of reasonable uncertainty	0.00%	-	0.00%	-
Effect of permanent difference on utilization of loss	0.00%	-	-20.35%	(170.80)
	-3.57%	55.27	3.97%	33.28

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 38 Tax Expense (Continued)

#### (d) Movement in deferred tax balances

	Net balance 01 April 2020	Recognised in profit or loss	Recognised in OCI	Other	31 March 2021		
					Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / liability</b>							
Property, plant and equipment	450.28	(30.74)	-	-	419.54	419.54	-
Security deposits	14.19	(1.72)	-	-	12.47	12.47	-
Leases	(0.08)	14.63	-	-	14.55	14.55	-
Provisions	1,351.36	(370.12)	-	-	981.24	981.24	-
Unabsorbed Business Loss	-	332.75	-	-	332.75	332.75	-
Equity instrument through OCI	(61.57)	(0.00)	55.27	-	(6.30)	-	(6.30)
MAT Credit entitlement	-	-	-	-	-	-	-
Others	13.82	(0.07)	-	-	13.75	13.75	-
<b>Deferred tax assets (net)</b>	<b>1,768.00</b>	<b>(55.27)</b>	<b>55.27</b>	<b>-</b>	<b>1,768.00</b>	<b>1,774.30</b>	<b>(6.30)</b>
Set off tax							
<b>Net tax assets</b>	<b>1,768.00</b>	<b>(55.27)</b>	<b>55.27</b>	<b>-</b>	<b>1,768.00</b>	<b>1,774.30</b>	<b>(6.30)</b>

#### (e) Movement in deferred tax balances

	Net balance 01 April 2019	Recognised in profit or loss	Recognised in OCI	Other	31 March 2020		
					Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax asset / liability</b>							
Property, plant and equipment	419.44	30.84	-	-	450.28	450.28	-
Security deposits	0.08	14.11	-	-	14.19	14.19	-
Borrowings	-	(0.08)	-	-	(0.08)	-	(0.08)
Provisions	1,404.70	(53.34)	-	-	1,351.36	1,351.36	-
Unabsorbed Business Loss	-	-	-	-	-	-	-
Equity instrument through OCI	(61.57)	-	-	-	(61.57)	-	(61.57)
MAT Credit entitlement	-	-	-	-	-	-	-
Others	5.35	8.47	-	-	13.82	13.82	-
<b>Deferred tax assets (net)</b>	<b>1,768.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,768.00</b>	<b>1,829.65</b>	<b>(61.65)</b>
Set off tax							
<b>Net tax assets</b>	<b>1,768.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,768.00</b>	<b>1,829.65</b>	<b>(61.65)</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

#### Tax losses & unabsorbed depreciation carried forward

	31 March 2021	Expiry for 31 March 2021	31 March 2020	Expiry for 31 March 2020
Business losses	1,161.00	3/31/2026	1,272.36	3/31/2026
Business losses	306.36	3/31/2028	-	1/0/1900
Unabsorbed depreciation	647.20	No expiry	647.20	No expiry
	<b>2,114.56</b>		1,919.56	

#### Tax Credits carried forward

	31 March 2021	Expiry for 31 March 2021	31 March 2020	Expiry for 31 March 2020
MAT credit entitlement	259.40	3/31/2026	259.40	3/31/2026
	<b>259.40</b>		259.40	

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits therefrom:

	31 March 2021	31 March 2020
Deductible temporary differences	-	33.79
MAT Credit entitlement	259.40	259.40
Tax losses & unabsorbed depreciation	216.17	499.09
	<b>475.57</b>	<b>792.28</b>

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 39 Related Party Disclosures

#### A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	<b><u>Related party by whom significance influence is exercised</u></b> Bharat Petroleum Corporation Limited	India	28.54%
2	<b><u>Entities which are controlled by the company and with whom the Company had transactions during the year</u></b> FINO Trusteeship Services Limited	India	
	Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	India	
	Fino Payments Bank Limited (Formerly known as FINO Fintech Private Limited)	India	
	FINO Financial Services Private Limited	India	
3	<b>Key Management Personnel</b> Ashok Kini -Non-executive Chairman & Independent Director Alok Gupta- Nominee Director of HAV 3 Amit Jain- Nominee director Blackstone Dr. Anjana Grewal - Independent Director Sudeep Gupta - Whole-time Director Ramakrishna Gupta Vesta - Nominee Director of Bharat Petroleum Corporation Limited (BPCL) Praveer Kumar - Chief financial officer Basavraj Loni – Company Secretary & AVP- Legal (Upto 05th May, 2020) Riya Devulkar – Company Secretary & Manager-Legal (Appointed w.e.f. 28th May, 2020 till 05th Dec.2020) Jitendra Garg - Company Secretary & Manager-Legal (Appointed w.e.f. 02nd March 2021)		

#### B. Transactions with key management personnel

##### i. Key management personnel compensation

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
i.	Short-term employee benefits	42.90	-
ii.	Post-employment benefits	2.66	-
iii.	Share-based payment	-	-

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 39 Related party relationships, transactions and balances

Note 39 above provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. All the related party transactions are at arm's length price.

Nature of Transaction	Subsidiaries	Related party by whom significant influence is exercised	Key Management Personnel	Total
Corporate Guarantee				
March 31, 2021	3,669.50	-	-	3,669.50
March 31, 2020	354.04	-	-	354.04
Recovery of expenses				
March 31, 2021	309.39	-	-	309.39
March 31, 2020	371.36	-	-	371.36
Sale of services / fixed assets				
March 31, 2021	-	289.94	-	289.94
March 31, 2020	-	313.56	-	313.56
Purchase of Services				
March 31, 2021	226.67	-	-	226.67
March 31, 2020	247.16	14.39	-	261.55
Director sitting fees				
March 31, 2021	-	-	12.50	12.50
March 31, 2020	-	-	9.89	9.89
Advance paid				
March 31, 2021	8.49	-	-	8.49
March 31, 2020	1.22	-	-	1.22

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 39 Related party relationships, transactions and balances (Continued)

Nature of Transaction	Subsidiaries	Related party by whom significant influence is exercised	Key Management Personnel	Total
Advance received				
March 31, 2021	263.13	-	-	263.13
March 31, 2020	-	-	-	-
Loan Taken				
March 31, 2021	-	-	-	-
March 31, 2020	-	-	-	-
Loan repaid				
March 31, 2021	-	-	-	-
March 31, 2020	440.00	-	-	440.00
Interest on loan taken				
March 31, 2021	-	-	-	-
March 31, 2020	58.00	-	-	58.00
Guarantee Commission				
March 31, 2021	19.79	-	-	19.79
March 31, 2020	85.10	-	-	85.10
<b>Balance Outstanding</b>				
Corporate Guarantee				
March 31, 2021	2,182.82	-	-	2,182.82
March 31, 2020	5,852.32	-	-	5,852.32
Trade Receivables (Gross)				
March 31, 2021	201.12	107.77	-	308.89
March 31, 2020	150.91	370.00	-	520.91
Trade Payables (Gross)				
March 31, 2021	356.01	-	-	356.01
March 31, 2020	266.93	-	-	266.93
Short term borrowings				
March 31, 2021	-	-	-	-
March 31, 2020	-	-	-	-
Short term loans				
March 31, 2021	10.73	-	-	10.73
March 31, 2020	2.24	-	-	2.24

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 39 Related party relationships, transactions and balances (Continued)

Nature of Transaction	Subsidiaries	Related party by whom significant influence is exercised	Key Management Personnel	Total
Interest payable on loan taken				
March 31, 2021	-	-	-	-
March 31, 2020	-	-	-	-
Other payables				
March 31, 2021	263.13	-	-	263.13
March 31, 2020	-	-	-	-
Deemed Investment				
March 31, 2021	980.68	-	-	980.68
March 31, 2020	847.46	-	-	847.46

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 40 Revenue from contract with customers

The Company derives revenues primarily from sale of device along with AMC, enrolment services, BC services, repairs and maintenance of devices, advertisement services, micro ATM running charges.

Revenue is recognized upon transfer of control of devices or services to customers in an amount that reflects the consideration expected to receive in exchange for those devices or services.

Revenues in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

In case of sale of devices along with AMC, the Company has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance obligation. Sale of devices and AMC services meet the criteria of distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. The revenue is recognised at point in time for sale of devices and over the period of time in case of AMC.

Enrolment services, BC services, repairs and maintenance of devices, advertisement services, micro ATM running charges are recognized over the period of time / term of the contract.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

### Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major revenue streams and timing of revenue

Major revenue streams	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of products	341.25	2,314.63
CBS Services, enrollment income and other services	1,585.60	3,911.82
<b>Total</b>	<b>1,926.85</b>	<b>6,226.45</b>
<b>Timing of revenue recognition</b>		
Products transferred at point in time	341.25	2,314.63
Services transferred over the period of time	1,585.60	3,911.82
	<b>1,926.85</b>	<b>6,226.45</b>

The information relating to trade receivables and contract liabilities relating to revenue from operations is disclosed in note no. 9 and 23 respectively .

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021 other than those meeting the exclusion criteria mentioned above, is 52.88 lakh (March 2020 : 53.20 lakh) . Out of this, the Company expects to recognize revenue of around 61% (March 2020 : 47%) within the next one year and the remaining thereafter.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 41 Contingent liabilities and commitments

	31 March 2021	31 March 2020
<b>Contingent liabilities</b>		
(i) Arrears of preference share dividend	-	-
(ii) Value added tax and entry tax	730.05	752.00
(iii) Navi Mumbai municipal corporation cess	-	54.18
(iv) Corporate guarantee issued on behalf of subsidiaries	2,182.82	5,852.32
(v) Performance security provided	-	-
(vi) Income tax	-	-
(vii) TDS Notice u/s 201(1) and 201(1A)	-	-

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

During the year ended 31 March 2021, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lakhs towards cess on purchases within the NMMC jurisdiction. During the current year FY 20-21, Company has provided 54.18 lacs additionally. Hence, there is no contingent liability on account of NMMC cess.

There are pending litigation under UP VAT Act, department has considered all the movement of assets from one state to other state as a deemed sale in the year 2008-09 & 2010-11 and in the year 2009-10, 2011-12, 2012-13, 2013-14 & 2014-15 department has increased card price. There are pending litigation under Maharashtra VAT Act, department has raised CST demand. Total liability under dispute is amounting to INR 730.05 Lakhs against which company has paid INR 178.09 lakhs under protest.

#### Capital Commitments

a. The company has capital commitments of INR Nil as on 31 March 2021 ( 31 March 2020 : INR Nil)

### 42 Details of Dues to micro and small suppliers

	31 March 2021	31 March 2020
<b>Dues to micro and small suppliers</b>		
a. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	-
- Interest	-	-
b. The amount of interest paid by the company as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with amount of the payment made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

## Notes to the financial statements (*Continued*)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 43 Foreign currency transactions

Expenditure incurred in foreign currency	31 March 2021	31 March 2020
Membership fees	0.63	-
Consultancy charges	18.51	10.71
Annual maintenance charges	-	14.98
	<b>19.14</b>	<b>25.69</b>

### 44 a. Corporate social responsibility (CSR)

The company does not fulfill applicability criteria under section 135 of companies act 2013, so CSR expenses incurred for year ending 31 March 21 is Nil (Previous year : Nil).

### b. Social Security Code , 2020 :

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company 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.

### c. Impact of COVID-19 :

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities. The impact on future operations would, to a large extent, depend on how the pandemic further develops and it's resultant impact on the operations of the Company. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that no there is no impact which is required to be recognized in the financial statements. Accordingly, no adjustments have been made to the financial statements.

# FINO PayTech Limited

## Notes to the financial statements (Continued)

For the year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 45 Operating Segment

The Company has presented segment information in the consolidated financial statements which are presented in the same financial report. Accordingly, in terms of Paragraph 4 of Ind AS 108 'Operating Segments', no disclosures related to segments are presented in the standalone financial statements.

### 46 Note on Litigation

During the year ended 31 March 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lakhs towards cess on purchases within the NMMC jurisdiction. During the current year FY 20-21, Company has provided 54.18 lacs additionally. Hence, there is no contingent liability on account of NMMC cess.

There are pending litigation under UP VAT Act, department has considered all the movement of assets from one state to other state as a deemed sale in the year 2008-09 & 2010-11 and in the year 2009-10, 2011-12, 2012-13, 2013-14 & 2014-15 department has increased card price. There are pending litigation under Maharashtra VAT Act, department has raised CST demand. Total liability under dispute is amounting to INR 730.05 Lakhs against which company has paid INR 178.09 lakhs under protest.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

### 47 Subsequent events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

### 48 Derivative contracts

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

### 49 Prior year comparatives

Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

As per our report of even date attached.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration Number : 001595S

**Tushar Kurani**

Partner

Membership Number : 118580

Navi Mumbai  
24 June 2021

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

Sd/-

**Praveer Kumar**

Chief Financial Officer

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

**Jitendra Garg**

Company Secretary

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of FINO PAYTECH LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

### **Opinion**

We have audited the accompanying consolidated financial statements of FINO PayTech Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Note 46(c) to the consolidated financial statements, which describes that the extent to which the SARS-Cov-2 virus responsible for the COVID-19 Pandemic will impact the consolidated financial statements will depend on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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

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

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing ("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 consolidated financial statements.

## **Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has 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 ability of the Group and its associates and jointly controlled entities 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 consolidated 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 Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

### Other Matters

Due to the COVID-19 related lockdown we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 “Audit Evidence - Specific Considerations for Selected Items” and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements.

Our opinion on the consolidated financial statements is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Companies (Accounts) Rules, 2015 as amended.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Group 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 Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 53 to the consolidated financial statements.
    - ii. The Group has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Group does not have any derivative contracts as at March 31, 2021



**& Associates**

Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, incorporated in India.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

**MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

**Chartered Accountants**

ICAI Firm Registration Number: 001595S

Sd/-

Tushar Kurani

Partner

Membership No. 118580

UDIN: 21118580AAAADR9169

June 24, 2021

Mumbai

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF FINO PAYTECH LIMITED**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of FINO PayTech Limited on the consolidated Financial Statements for the year ended March 31, 2021.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of FINO PayTech Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 consolidated 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 consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

#### **Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Sd/-

Tushar Kurani  
Partner  
Membership No. 118580

UDIN: 21118580AAAADR9169

Date: June 24, 2021  
Mumbai

# FINO PayTech Limited

## Consolidated Balance sheet

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	<i>Note</i>	31 March 2021	31 March 2020
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	2	5,684.36	4,420.18
(b) Right-of-use assets	38	3,495.47	4,097.92
(c) Capital work-in-progress		181.04	44.00
(d) Goodwill	53	716.66	716.66
(e) Other Intangible assets	3	1,124.33	1,464.44
(f) Financial assets			
(i) Investments	4	273.45	485.89
(ii) Loans	5	3,205.12	8,743.00
(iii) Others	6	4,153.91	3,042.84
(g) Deferred tax assets (net)	40	1,768.00	1,768.00
(h) Advance tax assets (net)		1,562.14	3,010.19
(i) Other non-current assets	7	409.99	373.68
<b>Total non current assets</b>		<b>22,574.47</b>	<b>28,166.80</b>
<b>(2) Current Assets</b>			
(a) Inventories	8	1,677.02	2,191.42
(b) Financial assets			
(i) Investments	9	50,340.13	12,843.65
(ii) Trade receivables	10	4,611.81	4,261.90
(iii) Cash and cash equivalents	11A	14,850.31	19,841.15
(iv) Bank balances other than (iii) above	11B	13,813.66	15,154.93
(v) Loans	12	9,200.37	18,471.78
(vi) Others	13	7,624.92	3,394.37
(c) Other current assets	14	1,775.29	1,889.87
<b>Total current assets</b>		<b>103,893.51</b>	<b>78,049.07</b>
<b>TOTAL ASSETS</b>		<b>126,467.98</b>	<b>106,215.87</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	15	9,937.52	9,865.47
(b) Instruments entirely in nature of equity		2,933.12	2,933.12
(c) Other equity	16	4,136.06	8,949.31
<b>Equity attributable to equity holders of the Company</b>		<b>17,006.70</b>	<b>21,747.90</b>
Non-controlling interests		45.86	33.87
<b>Total equity</b>		<b>17,052.56</b>	<b>21,781.77</b>
<b>(2) Non current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	5,820.09	9,198.65
(ii) Others	18	3,237.36	3,528.21
(b) Provisions	19	1,061.00	697.18
(c) Other non-current liabilities	20	20.41	28.37
<b>Total non current liabilities</b>		<b>10,138.86</b>	<b>13,452.41</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	18,870.50	14,038.03
(ii) Trade payables	22		
Due to micro and small enterprises		-	-
Due to other than micro and small enterprises		5,489.92	5,179.51
(iii) Other financial liabilities	23	69,705.41	48,094.92
(b) Other current liabilities	24	3,162.56	1,707.33
(c) Short-term provisions	25	1,826.18	1,706.14
(d) Current tax liabilities		221.99	255.76
<b>Total current liabilities</b>		<b>99,276.56</b>	<b>70,981.69</b>
<b>Total liabilities</b>		<b>109,415.42</b>	<b>84,434.10</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>126,467.98</b>	<b>106,215.87</b>

Notes to the financial statements

1-54

The accompanying notes to accounts form an integral part of the Consolidated Financial Statements.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration No: 001595S

**Tushar Kurani**

Partner

Membership No: 118580

Mumbai

24 June 2021

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

FINO PayTech Limited

Sd/-

Sd/-

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

# FINO PayTech Limited

## Consolidated Statement of profit and loss

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>Revenue</b>			
I. Revenue from operations (Gross of excise duty)	27	83,451.26	82,736.79
II. Other income	28	2,585.96	2,554.50
<b>III. Total income (I+II)</b>		<b>86,037.22</b>	<b>85,291.29</b>
<b>IV. Expenses</b>			
Purchase of goods and services	29	14,054.17	14,721.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	514.40	(365.60)
Employee benefits expenses	31	14,562.90	17,045.78
Finance costs	32	3,957.24	5,640.52
Depreciation and amortization expenses		6,631.64	3,730.12
Other expenses	33	51,293.52	46,504.65
<b>Total expenses (IV)</b>		<b>91,013.87</b>	<b>87,277.02</b>
<b>V. Profit / (Loss) before exceptional items and tax</b>		<b>(4,976.65)</b>	<b>(1,985.73)</b>
<b>VI. Exceptional Items</b>		<b>-</b>	<b>-</b>
<b>VII. Loss before tax (V - VI)</b>		<b>(4,976.65)</b>	<b>(1,985.73)</b>
<b>VIII. Tax expense:</b>			
1. Current tax		8.26	48.38
2. Tax provision for earlier years		-	-
3. Deferred tax		55.27	65.53
4. MAT credit entitlement		-	-
<b>IX. Loss for the year</b>		<b>(5,040.18)</b>	<b>(2,099.64)</b>
<b>X. Other comprehensive income</b>			
<b>(i) Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit liability / (asset)		(26.89)	(130.14)
Equity investments through other comprehensive income - net change in fair value		(212.58)	-
Income tax related to items that will not be reclassified to profit or loss		55.27	-
		<b>(184.20)</b>	<b>(130.14)</b>
<b>(ii) Items that will be reclassified to profit or loss</b>			
Investments measured at FVOCI		(15.37)	10.31
Income tax related to items that will be reclassified to profit or loss		-	-
		<b>(15.37)</b>	<b>10.31</b>
<b>Other comprehensive income for the year (net of tax)</b>		<b>(199.57)</b>	<b>(119.83)</b>
<b>XI. Total comprehensive income for the year (IX + X)</b>		<b>(5,239.75)</b>	<b>(2,219.47)</b>
<b>Profit attributable to:</b>			
Owners of the Company		(5,052.17)	(2,121.56)
Non-controlling interests		11.99	21.92
<b>Profit / (Loss) for the year</b>		<b>(5,040.18)</b>	<b>(2,099.64)</b>
<b>Other Comprehensive Income attributable to:</b>			
Owners of the Company		(199.57)	(119.83)
Non-controlling interests		-	-
<b>Other comprehensive income for the year</b>		<b>(199.57)</b>	<b>(119.83)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(5,251.74)	(2,241.37)
Non-controlling interests		11.99	21.92
<b>Total comprehensive income for the year</b>		<b>(5,239.75)</b>	<b>(2,219.45)</b>
<b>XII. Earnings per share attributable to owners of the Company</b>	39		
1. Basic earnings per share (INR)		(3.94)	(1.66)
2. Diluted earnings per share (INR)		(3.94)	(1.66)

Notes to the financial statements

1-54

The accompanying notes to accounts form an integral part of the Consolidated Financial Statements.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration No: 001595S

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Tushar Kurani**

Partner

Membership No: 118580

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

Mumbai

24 June 2021

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

**FINO PayTech Limited**  
**Consolidated statement of changes in equity**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	As at 31 March 2021		As at 31 March 2020	
	Number	Amount	Number	Amount
<b>(a) Equity share capital</b>				
Balance at the beginning of the reporting period	98,654,660	9,865.47	98,533,410	9,853.34
Changes in equity share capital during the year	720,500	72.05	121,250	12.13
Balance at the end of the reporting period	99,375,160	9,937.52	98,654,660	9,865.47
<b>(b) Instruments entirely in nature of equity</b>				
<b>Share warrants</b>				
Balance at the beginning of the reporting period	5,500,000	550.00	5,500,000	550.00
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	5,500,000	550.00	5,500,000	550.00
<b>Fully convertible preference shares (Series A,B,C)</b>				
Balance at the beginning of the reporting period	23,831,215	2,383.12	23,831,215	2,383.12
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	23,831,215	2,383.12	23,831,215	2,383.12
<b>Total of instruments entirely in nature of equity</b>	<b>29,331,215</b>	<b>2,933.12</b>	<b>29,331,215</b>	<b>2,933.12</b>

**(c) Other equity**

Particulars	Attributable to owners of the Company							Share application money pending allotment	Total attributable to owners of the company	Attributable to Non-Controlling Interests	Total
	Equity component of compound financial instruments	Reserves & Surplus				Items of Other comprehensive income					
		Retained Earnings	Statutory Reserve	ESOP Reserve	Securities Premium	Equity Instrument at FVTOCI	Debt instrument through OCI				
<b>Balance at 31 March 2019</b>	0.00	(47,839.51)	83.02	489.68	58,217.28	175.24	13.04	-	11,138.75	11.95	11,150.70
Impact of Ind AS 116	-	(282.71)	-	-	-	-	-	-	(282.71)	-	(282.71)
<b>Balance at 01 April 2019</b>	-	(48,122.22)	83.02	489.68	58,217.28	175.24	13.04	-	10,856.04	11.95	10,867.99
<b>Total comprehensive income for the period ended 31 March 2020</b>											
Profit / (Loss) for the year	-	(2,121.56)	-	-	-	-	-	-	(2,121.56)	21.92	(2,099.64)
Other comprehensive income (net of tax)											
- Remeasurements of FVTOCI Debt instruments	-	-	-	-	-	-	10.31	-	10.31	-	10.31
- Remeasurements of defined benefit liability / (asset)	-	(130.14)	-	-	-	-	-	-	(130.14)	-	(130.14)
<b>Total comprehensive income for the period ended 31 March 2020</b>	-	(2,251.70)	-	-	-	-	10.31	-	(2,241.39)	21.92	(2,219.47)
ESOP expense recognised under fair value approach	-	-	-	266.55	-	-	-	-	266.55	-	266.55
Premium on issue of shares under ESOP scheme	-	-	-	(11.71)	79.82	-	-	-	68.11	-	68.11
Effect of options vested lapsed	-	6.84	-	(6.84)	-	-	-	-	-	-	-
Appropriation towards statutory reserve	-	(92.85)	92.85	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	-	(50,459.93)	175.87	737.68	58,297.10	175.24	23.35	-	8,949.31	33.87	8,983.18
<b>Balance as at 01 April 2020</b>	-	(50,459.93)	175.87	737.68	58,297.10	175.24	23.35	-	8,949.31	33.87	8,983.18

**FINO PayTech Limited**  
**Consolidated statement of changes in equity**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

<b>Total comprehensive income for the period ended 31 March 2021</b>											
Profit / (Loss) for the year	-	(5,052.17)	-	-	-	-	-	-	(5,052.17)	11.99	(5,040.18)
Other comprehensive income (net of tax)											
- Remeasurements of FVTOCI Debt instruments	-	-	-	-	-	(157.31)	(15.37)	-	(172.68)	-	(172.68)
- Remeasurements of defined benefit liability / (asset)	-	(26.89)	-	-	-	-	-	-	(26.89)	-	(26.89)
<b>Total comprehensive income for the period ended 31 March 2021</b>	-	(5,079.06)	-	-	-	(157.31)	(15.37)	-	(5,251.74)	11.99	(5,239.75)
ESOP expense recognised under fair value approach	-	-	-	136.93	-	-	-	-	136.93	-	136.93
Premium on issue of shares under ESOP scheme	-	-	-	(10.86)	312.42	-	-	-	301.56	-	301.56
Appropriation towards statutory reserve	-	(511.86)	511.86	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	-	(56,050.85)	687.73	863.75	58,609.52	17.93	7.98	-	4,136.06	45.86	4,181.92

**Nature and purpose of reserves**

**1) Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act 2013.

**2) ESOP reserve**

ESOP reserve is used to recognise the grant date fair value of options issued to employees under the Employee stock option plan which are unvested as on the reporting date.

**3) Statutory reserve (as per RBI Act)**

In terms of the requirements of Section 45-1C of the RBI Act, every non-banking financial company is required to transfer a sum of not less than 20 (Twenty) percent of its net profit every year to statutory reserve.

Notes to the financial statements

1-54

The notes referred to above form an integral part of the Consolidated Financial Statements

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration No: 0015955

**Tushar Kurani**

Partner

Membership No: 118580

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

Mumbai

24 June 2021

# FINO PayTech Limited

## Consolidated Statement of cash flows

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>A. Cash flow from operating activities</b>		
Loss before tax from continuing operations	(4,976.65)	(1,985.73)
<b>Loss before tax</b>	<b>(4,976.65)</b>	<b>(1,985.73)</b>
<b>Adjustments to reconcile (loss) / profit before tax to net cash used in operating activities</b>		
Depreciation	6,631.64	3,730.12
Profit / Loss on sale of fixed assets	(0.27)	(11.36)
ESOP expense	136.94	266.54
Interest income	(5,692.09)	(8,827.65)
Interest & finance charges	3,957.24	5,640.53
Provision for loan losses expenses	4,416.91	670.48
Provision for doubtful debts and assets	1,640.21	214.77
<b>Operating profit before working capital changes</b>	<b>6,113.93</b>	<b>(302.30)</b>
<b>Working capital adjustments:</b>		
(Increase) / decrease in inventories	514.40	(187.53)
(Increase) / decrease in trade receivables	(1,990.12)	(637.85)
(Increase) / decrease in Other current assets	114.58	(792.62)
Decrease in Current financial assets - loans	10,317.58	5,396.55
(Increase) / decrease in Other current financial assets	(4,230.55)	7,469.70
(Increase) in Non current financial assets - others	(5,527.98)	(2,582.79)
(Increase) / decrease in other non current assets	(36.31)	26.90
Decrease in non-current financial assets - loans	5,537.89	2,178.69
(Decrease) / increase in trade payables	310.41	(1,240.22)
Increase in other current liabilities	1,455.22	74.27
(Decrease) / increase in other current financial liabilities	30,307.42	(5,177.97)
(Decrease) in other non-current liabilities	(7.96)	(113.61)
(Decrease) / increase in provisions	456.97	(351.14)
<b>Cash generated from / (used in) operations before adjustments for interest received and interest paid</b>	<b>43,335.48</b>	<b>3,760.08</b>
Interest paid	(2,866.43)	(4,195.13)
Interest received	2,471.79	6,901.60
<b>Cash used in operations</b>	<b>42,940.84</b>	<b>6,466.55</b>
Income Tax Paid	1,350.75	891.86
<b>Net Cash (Used) / Generated from Operating Activities (A)</b>	<b>44,291.59</b>	<b>7,358.41</b>
<b>B. Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(7,392.73)	(4,267.31)
Proceeds from sale of property, plant and equipment	73.23	(29.16)
Acquisition of computer software	(372.97)	203.07
Acquisition of non-current investments	(37,441.34)	(5,521.40)
Proceeds from fixed deposits	1,341.28	(10,781.95)
Interest received	2,174.13	1,976.66
<b>Net Cash used in investing activities (B)</b>	<b>(41,618.40)</b>	<b>(18,420.09)</b>

# FINO PayTech Limited

## Consolidated Statement of cash flows (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>C. Cash flows from financing activities</b>		
Proceeds from issue of equity shares	358.23	90.56
Proceeds from subordinate debt	(2,481.75)	5.63
Proceeds from non current borrowings	(8,696.95)	(6,333.08)
Repayment of non current borrowings	(896.82)	(10,710.15)
Proceeds of current borrowings (net)	4,832.47	1,625.76
Lease payments	311.60	(852.42)
Interest & finance charges paid	(1,090.81)	(1,445.40)
<b>Net Cash Generated from Financing Activities (C)</b>	<b>(7,664.03)</b>	<b>(17,619.10)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(4,990.84)</b>	<b>(28,680.78)</b>
Cash and cash equivalents at the beginning of the year	19,841.15	48,521.93
<b>Cash and cash equivalents at the end of the year</b>	<b>14,850.31</b>	<b>19,841.15</b>
<b>Cash and cash equivalents</b>		
Cash on hand and balances with banks	14,850.31	19,841.15
<b>Cash and cash equivalents</b>	<b>14,850.31</b>	<b>19,841.15</b>

Notes to the financial statements

1-54

The notes referred to above form an integral part of the Consolidated Financial Statements

As per our report of even date attached.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

Chartered Accountants

Firm's Registration No: 001595S

**Tushar Kurani**

Partner

Membership No: 118580

Mumbai

24 June 2021

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

**FINO PayTech Limited**

Sd/-

Sd/-

**Ashok Kini**

Non-Executive Chairman &

Independent Director

DIN 00812946

**Sudeep Gupta**

Whole-time Director

DIN 07899859

Sd/-

Sd/-

**Praveer Kumar**

Chief Financial Officer

**Jitendra Garg**

Company Secretary

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.1 General information

FINO PayTech Limited Group is primarily engaged in providing technology based solutions and services related to financial inclusion. It is a business and banking technology platform combined with extensive services delivery channel. The Group includes a Non-Banking Financial Company - Non Deposit Accepting or Holding Company ('NBFC-ND') registered with Reserve Bank of India ('RBI'). It is engaged in providing finance to poor women in rural areas of India who are organized as Joint Liability Groups ('JLG'). The Group services institutions like banks, micro finance institutions, government entities and insurance companies. The Group includes a Bank which 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.

### 1.2 Significant Accounting Policies

#### 1.2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with Section 133 of the Companies Act, 2013 ("the 2013 Act"), read with Companies (Indian Accounting Standards) Rules, 2015, and other relevant provisions of the Act and Rules there under, as amended from time to time.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

#### 1.2.2 Functional and presentation currency

These consolidated financial statements are presented in Indian rupees (INR), which is the Group's functional currency. All amounts have been rounded off to two decimal places to the nearest lakhs, unless otherwise indicated.

#### 1.2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

- certain financial assets and liabilities that may be measured at fair value;
- defined benefit plans – plan assets measured at fair value;
- share-based payments

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.4 Presentation of Financial Statements

The Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (“the Act”). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

### 1.2.5 Current versus non-current classification

The group presents assets and liabilities in the balance sheet based on current and non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of products/services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the group has identified twelve months as its operating cycle for the purpose of current / non-current classification of assets and liability.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.6 Use of estimates and judgments

The preparation of consolidated financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the balance sheet and statement of profit and loss and disclosure of contingent liabilities. The actual amounts realized may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements, which have a significant impact on the carrying amounts of assets and liabilities at each balance sheet date.

- **Determination of the estimated useful lives of tangible assets and intangible assets**

Useful lives of tangible and intangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, useful lives and residual values are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

- **Recognition and measurement of defined benefit obligations**

The obligation arising from defined benefit plan is determined on the basis of actuarial valuation using projected unit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy and withdrawal rate. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. These assumptions are reviewed at each reporting date.

- **Recognition of deferred tax assets**

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forward and tax credits at the rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forward and unused tax credits could be utilized. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.6 Use of estimates and judgments (*Continued*)

- **Expected credit loss**

Expected credit loss is to be recognised for financial assets when upon assessment, the credit risk on the financial asset has increased significantly since initial recognition. The measurement of ECL includes both quantitative and qualitative information and analysis, based on Group's historical experience and credit assessment including the incorporation of forward-looking information.

The inputs used and process followed by the Group in determining the ECL have been detailed in Note XX.

- **Fair valuation of employee share options**

The fair valuation of the employee share options is based on the Black-Scholes model used for valuation of options. Key assumptions made with respect to expected volatility includes share price, expected dividends and discount rate, under this option pricing model. The assumptions and models used for estimating fair value for share-based payments transactions are discussed in Note XX.

- **Fair value measurement of financial instruments**

When the fair values of the financial assets and liabilities recorded in the balance sheet cannot be measured based on the quoted market prices in active markets, their fair value is measured using valuation technique. The inputs to these models are taken from the observable market where possible, but where this is not feasible, a review of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Recognition and measurement of other provisions**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the amount included in other provisions.

- **Effective Interest Rate**

All financial assets/liabilities are required to be measured at fair value on initial recognition. In case of financial assets which are required to subsequently measured at amortised cost, interest is accrued using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioral life of the financial asset to the gross carrying amount of the financial asset.

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.6 Use of estimates and judgments (*Continued*)

- **Leases**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. Assessment is made on the expected lease term on a lease-by-lease basis and thereby it assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to companies operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts. The determination of the incremental borrowing rate used to measure lease liabilities.

- **Business model assessment**

Classification and measurement of financial assets depends on the results of the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- **COVID 19**

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues and investment in subsidiaries. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these financial statements.

### 1.2.7. Measurement of fair values

The Group's accounting policies and disclosures require the measurement of fair values for financial instruments.

When measuring the fair value of a financial asset or a financial liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.*

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.7 Measurement of fair values *(Continued)*

- *Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).*
- *Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### 1.2.8. Basis for Consolidation

#### i. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in equity under the head 'Capital reserve'. Acquisition costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

#### ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the parent has power over the entity, it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The following are the entities considered in the consolidated financial statements:

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of Ownership interest as on reporting date
1	Fino Payments Bank Limited	India	99.99%
2	Fino Finance Private Limited	India	99.99%
3	FINO Trusteeship Services Limited	India	49.00%
4	Fino Financial Services Private Limited	India	99.99%

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.8 Basis for Consolidation (*Continued*)

In addition to above, the group controls FINO Fintech Foundation Trust and FINO ESOP Trust, which are incorporated in India and are consolidated for financial reporting purpose.

#### iii. Non-controlling interests (NCI)

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the noncontrolling interest having a deficit balance.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, net of deferred taxes, are eliminated.

### 1.2.9 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of Group at the exchange rates at the dates of the transactions.

At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported at prevailing closing spot rate. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Exchange differences are recognized in profit or loss. Foreign currency non-monetary items that are measured based on historical cost are not retranslated.

### 1.2.10 Revenue

Revenue from contracts with the customers is based on the core principle that an entity recognizes revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. Revenue is recognised on satisfaction of performance obligations by applying five-step model.

Revenue from sale of goods in the course of ordinary activities is recognized when all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.10 Revenue (*Continued*)

- **Sale of Goods and Services**

- i. Revenue from sale of goods in the course of ordinary activities is recognized at the fair value of the consideration received or receivable, net of returns and allowances and volume rebates. Revenue is recognized when control of the ownership in goods are transferred to the customer. Revenues are recognized when collectability of the resulting receivables is reasonably assured.
- ii. Enrollment and other incomes are recognized on accrual basis in accordance with the terms and conditions of the underlying mandates entered into with the respective customers.
- iii. Revenue from Core Banking Services ('CBS') service is recognized on accrual basis.
- iv. Revenues from other services are recognized pro-rata over the period of the contract as and when services are rendered.
- v. Disbursement fee includes remittance and service fees which are recognized based on the amount of disbursements/ remittances/ collections made through Point of Transaction (POT) devices.
- vi. Business correspondent fee is recognised on the allotment of POT devices to individual agents.
- vii. Transaction fee is recognized on the completion of individual transactions made through POT devices.
- viii. Account Maintenance fees is recognised on the basis of number of accounts maintained.
- ix. Agent registration fee is recognized on receipt of non-refundable agent deposit.
- x. Insurance broking income is recognized based on the numbers of policies sold to customers on behalf of insurance companies.
- xi. Service charges are recognised on accrual basis in accordance with the service agreement, if any with the customer
- xii. Dividend income is recognized when right to receive dividend is established.
- xiii.

- **Grants/ Subsidies**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.11 Finance income and finance costs

- i. Loan processing fees is amortised over the tenor of the loan.
- ii. Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial assets through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial assets after netting off the fees received, and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

- iii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the effective interest rate.

### 1.2.12 Securitization Transactions

The group securitizes its loans through Special Purpose Vehicles ('SPV'). Loans securitized to the SPV are analyzed in accordance with Ind AS 109 in order to determine whether the assets transferred to the vehicle shall be derecognized. Where the group continues to hold substantially all the risks and rewards of ownership of the financial assets, the group shall continue to recognize the financial assets.

Post securitization, the group continues to service the loans transferred to the SPV. The group provides credit enhancements in the form of cash collaterals to the SPV.

### 1.2.13 Taxation

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

#### Current tax

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 in respect of taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences are carried forward to the extent that it is probable that future taxable profits will be available against which they can be used.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably, and it is probable that the future economic benefit associated with the asset will be realised.

### **MAT Credit**

MAT under the provisions of the Income Tax Act, 1961 is recognized as current tax in the statement of profit and loss. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Group 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 recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

## **1.2.14 Employee benefits**

### **i. Short term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid within twelve months if the Group has a present or legal constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These benefits include salaries and wages, bonus and ex-gratia.

### **ii. Defined contribution plans**

Provident fund

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

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.14 Employee benefits (*Continued*)

#### iii. Defined benefit plans

The following post – employment benefit plans are covered under the defined benefit plans:

##### **Gratuity Fund**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### **Other long-term employee benefits**

Compensated absences balances up to 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 the financial year. The obligation is measured on the basis of an annual independent actuarial valuation.

#### iv. Share-based payments arrangement

The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded on straight line basis over the period over which the employee would be entitled to apply for the options (i.e. vesting period). The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest at the end of each reporting period.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.15 Property, plant and equipment

#### i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

- a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as other non-current assets or other current assets as applicable. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

#### ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

#### iii. Depreciation

Depreciation is provided as per the useful life on written down value as under Schedule II of the Companies Act, 2013, except in case of Computers (excluding servers), where the management estimates the useful lives to be 5 years instead of 3 years as prescribed under Schedule II.

Assets costing less than INR 5,000 are depreciated at 100% in the year of acquisition. The Group uniformly estimates a zero-residual value for all these assets.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given below best represent the period over which management expects to use these assets.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (Continued)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.15 Property, plant and equipment (Continued)

Class of asset	Management estimate of useful life	Useful life as per Schedule II
Computer	5 Years	3 Years
Computer server	6 Years	6 Years
Office equipment	5 Years	5 Years
Vehicles	8 Years	8 Years
Furniture and fixtures	10 Years	10 Years

Lease hold improvements are amortised on a straight-line basis over the period of lease.

Point of Transactions ('POT') devices which are classified as plant and machinery are depreciated over the useful life of the asset (five years).

### 1.2.16 Goodwill & other Intangible assets:

#### i. Goodwill:

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognized as goodwill. Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP, adjusted for the reclassification of certain intangibles. Goodwill is measured at cost less any accumulated impairment losses.

#### ii. Other Intangible assets:

##### Computer Software

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition, and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. Intangible assets are amortised over a period of five years with zero residual value.

### 1.2.17 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### a) Financial assets

##### Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

### **Initial recognition and measurement**

All financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

### **Subsequent Measurement**

#### **i. Debt instruments are measured at amortised cost**

- A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
  - a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The EIR method is a method of calculating the amortised cost of a financial asset and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. Assets recognised at amortised cost include trade and other receivables, fixed deposits, security deposits, cash and cash equivalents and bank balances in current account.

#### **ii. Financial instruments measured at fair value through other comprehensive income (FVOCI)**

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial asset; and
- b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to statement of profit and loss.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.17 Financial Instruments (*Continued*)

#### iii. Financial instruments at fair value through profit and loss (FVTPL)

- Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.
- In addition, the Group may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').
- Financial assets that do not meet the SPPI criteria are measured at FVTPL with all subsequent changes in the fair value recognized in profit and loss.

#### iv. Equity investments

- All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group may make irrevocable election to classify the same either as at FVOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.
- If the Group decides to classify an equity instrument as FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.
- Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

#### Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the group enters into transactions whereby it transfer assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.17 Financial Instruments (*Continued*)

#### **Impairment of financial assets**

Ind AS 109 replaces the incurred loss model with a forward looking 'expected credit loss model' (ECL). This requires considerable judgment over how changes in economic factors affect ECL's, which will be determined on a probability-weighted basis.

The Group applies expected credit loss model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Loans and debt instruments that are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- b) Other receivables - The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

#### **b) Financial liabilities**

##### **Classification**

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss.

##### **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable and incremental transaction cost.

##### **Subsequent measurement**

##### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

##### **Financial liabilities at amortised cost**

Financial liabilities are subsequently measured at amortised cost and the carrying amounts are determined based on EIR method. Interest expense is included as finance costs in the statement of profit and loss.

The Group's financial liabilities includes trade and other payables, loans and borrowings and security deposits.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.17 Financial Instruments (*Continued*)

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. A new liability based on the modified terms is recognised at fair value. The difference between carrying amount of original financial liability and a new financial liability with modified terms is recognised in the statement of profit or loss.

#### **c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **d) Equity instruments**

An equity instrument is a contract that evidences residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received net of direct issue cost.

#### **e) Compound instrument**

Compound financial instruments issued by the Group comprise convertible share warrants denominated in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. The liability component of a compound financial instrument is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured subsequently.

Interest related to the financial liability is recognised in profit or loss (unless it qualifies for inclusion in the cost of an asset). In case of conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.17 Financial Instruments *(Continued)*

#### f) Reclassification

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group changes its business model for managing financial assets. Financial liabilities are not reclassified.

### 1.2.18 Inventories

Inventories which comprise work-in-progress and traded goods are carried at lower of cost and net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost method is used. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 1.2.19 Provisions and contingent liabilities

The Group recognises a provision when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure for a contingent liability is made when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that may arise from past events, but probably not require an outflow of resources to settle the obligation. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

A contingent asset is not recognised but disclosed in the consolidated financial statements where an inflow of economic benefit is probable.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.20 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

#### **Group as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at amortised cost at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements *(Continued)*

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.20 Leases *(Continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Carrying amount of lease liabilities is increased by interest on lease liability and reduced by lease payments.

#### **Short-term leases and leases of low-value assets**

The group has availed for the exemption as permitted under this standard, not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 1.2.21 Impairment of non-financial assets

The carrying values of non-financial assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash flows that are largely independent of the cash flows of other assets or CGUs.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate pre-tax discount factor that reflects current market assessments of the time value of money and the risk specific to the CGU.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.21 Impairment of non-financial assets (*Continued*)

extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is treated as in revaluation increase.

### 1.2.22 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### 1.2.23 Earnings per share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### 1.2.24 Borrowing cost

Expense related to borrowing cost are accounted using effective interest rate. Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowings of funds. Borrowing costs are directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the period which they are incurred.

### 1.2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as amended from time to time. There are no such recently issued standards or amendments to the existing standards for which the impact on the Financial statements is required to be disclosed.

However, on 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

# FINO PayTech Limited

## Notes to the Consolidated Financial Statements (*Continued*)

as at and for the year ended March 31, 2021.

(Currency: Indian Rupees in lakhs)

### 1.2.25 Recent accounting pronouncements (*Continued*)

#### **Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

These amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

## FINO PayTech Limited

### Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

#### 2 Property, plant and equipment

##### A. Reconciliation of carrying amount

PARTICULARS	Owned assets						Total
	Leasehold improvements	Computers hardware	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	
<b>Year ended 31 March 2020</b>							
<b>Gross block</b>	2,147.21	4,865.67	1,172.02	166.34	93.67	1,196.56	9,641.47
Additions	572.40	982.02	1,230.91	105.47	-	187.61	3,078.41
Disposals	-	(36.47)	(113.62)	(16.84)	-	(116.83)	(283.76)
<b>Closing gross block</b>	<b>2,719.61</b>	<b>5,811.22</b>	<b>2,289.31</b>	<b>254.97</b>	<b>93.67</b>	<b>1,267.34</b>	<b>12,436.12</b>
<b>Accumulated depreciation</b>							
Balance at 01 April 2019	1,072.36	3,173.05	696.04	72.86	57.76	951.81	6,023.88
Depreciation charge during the year	516.42	1,031.97	415.92	71.19	16.07	183.73	2,235.30
Disposals	-	(29.39)	(106.05)	(16.83)	-	(90.97)	(243.24)
<b>Closing accumulated depreciation</b>	<b>1,588.78</b>	<b>4,175.63</b>	<b>1,005.91</b>	<b>127.22</b>	<b>73.83</b>	<b>1,044.57</b>	<b>8,015.94</b>
<b>Net block</b>	<b>1,130.83</b>	<b>1,635.59</b>	<b>1,283.40</b>	<b>127.75</b>	<b>19.84</b>	<b>222.77</b>	<b>4,420.18</b>
<b>Year ended 31 March 2021</b>							
Balance at 1 April 2020	2,719.61	5,811.22	2,289.31	254.97	93.67	1,267.34	12,436.12
Additions	34.67	883.54	5,436.50	1.40	17.75	19.99	6,393.85
Disposals	(277.13)	-	-	-	-	(9.55)	(286.68)
<b>Closing gross block</b>	<b>2,477.15</b>	<b>6,694.76</b>	<b>7,725.81</b>	<b>256.37</b>	<b>111.42</b>	<b>1,277.78</b>	<b>18,543.29</b>
<b>Accumulated depreciation</b>							
Balance at 01 April 2020	1,588.78	4,175.63	1,005.91	127.22	73.83	1,044.57	8,015.94
Depreciation charge during the year	485.59	907.07	3,501.30	11.46	10.77	140.52	5,056.71
Disposals	(205.22)	-	-	-	-	(8.50)	(213.72)
<b>Closing accumulated depreciation</b>	<b>1,869.15</b>	<b>5,082.70</b>	<b>4,507.21</b>	<b>138.68</b>	<b>84.60</b>	<b>1,176.59</b>	<b>12,858.93</b>
<b>Net block</b>	<b>608.00</b>	<b>1,612.06</b>	<b>3,218.60</b>	<b>117.69</b>	<b>26.82</b>	<b>101.19</b>	<b>5,684.36</b>

## FINO PayTech Limited

### Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

#### 3 Other intangibles assets

PARTICULARS	Balance as at 01 April 2020	Gross block		Balance as at 31 March 2021	Balance as at 01 April 2020	Accumulated depreciation		Balance as at 31 March 2021	Net block	
		Additions	Disposals			Charge for the year	Eliminated on disposal of assets		Balance as at 31 March 2021	Balance as at 31 March 2020
Computer Software	3,695.93	372.97	-	4,068.90	2,231.49	713.08	-	2,944.57	1,124.33	1,464.44
<b>TOTAL</b>	<b>3,695.93</b>	<b>372.97</b>	<b>-</b>	<b>4,068.90</b>	<b>2,231.49</b>	<b>713.08</b>	<b>-</b>	<b>2,944.57</b>	<b>1,124.33</b>	<b>1,464.44</b>

PARTICULARS	Balance as at 01 April 2019	Gross block		Balance as at 31 March 2020	Balance as at 01 April 2019	Accumulated depreciation		Balance as at 31 March 2020	Net block	
		Additions	Disposals			Charge for the year	Eliminated on disposal of assets		Balance as at 31 March 2020	Balance as at 31 March 2019
Computer Software	3,492.86	203.07	-	3,695.93	1,602.44	629.05	-	2,231.49	1,464.44	1,890.42
<b>TOTAL</b>	<b>3,492.86</b>	<b>203.07</b>	<b>-</b>	<b>3,695.93</b>	<b>1,602.44</b>	<b>629.05</b>	<b>-</b>	<b>2,231.49</b>	<b>1,464.44</b>	<b>1,890.42</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>4 Financial assets - Investments</b>		
<b>Investments measured at amortised cost</b>		
Investments in government securities		
Unquoted		
- National saving certificate	1.23	1.09
Less: Provision for diminution in value of investment	-	-
<b>Investment carried at fair value through other comprehensive income (FVTOCI)- equity instruments</b>		
3,030 (Previous year : 3030) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	272.22	484.80
	<u>273.45</u>	<u>485.89</u>
(a) Aggregate amount of unquoted investments	273.45	485.89
(b) Aggregate amount of impairment in value of investments	-	-
<b>5 Financial assets - Loans</b>		
<b>Secured loans</b>		
<b>Considered good:</b>		
Loans to MSME	427.83	954.33
<b>Considered doubtful:</b>		
Loans to MSME	38.54	57.82
Less: Loss allowance	(38.54)	(57.82)
	<b>(A)</b> <u>427.83</u>	<u>954.33</u>
<b>Unsecured loans</b>		
<b>Considered good:</b>		
Loans to JLG groups	1,003.51	5,990.28
Loans to MSME	-	-
Security deposits	1,773.78	1,798.39
<b>Considered doubtful:</b>		
Loans to JLG groups	482.44	294.58
Less: Loss allowance	(482.44)	(294.58)
Security deposits	104.35	155.69
Less: Loss allowance	(104.35)	(155.69)
	<b>(B)</b> <u>2,777.29</u>	<u>7,788.67</u>
	<b>(A + B)</b> <u>3,205.12</u>	<u>8,743.00</u>
<b>6 Other non-current financial assets</b>		
Deposits with banks (maturing after 12 months from the reporting date)*	751.43	973.70
Deposits for margin money with banks**	3,403.29	2,069.73
Less: Loss allowance	(0.81)	(0.59)
	<u>4,153.91</u>	<u>3,042.84</u>
* Represents deposits of Rs. 0.85 lakhs (Previous year Rs. 28.60 lakhs) provided against the pending litigations under Value Added Tax Act and sales tax registration purpose.		
** Includes deposits of Rs. 49.01 lakhs (Previous Year : Rs. 95.86 lakhs) provided as cash collateral against borrowings, deposits of Rs. Nil (Previous Year : Nil) provided as cash collateral against loan securitised.		
<b>7 Other non-current assets</b>		
Prepaid expenses	48.73	43.57
Deposits with Government Authorities (Sales tax, income tax, cess etc.)	361.26	330.11
	<u>409.99</u>	<u>373.68</u>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>8 Inventories</b>		
Stock-in-trade	3,827.46	4,341.86
Less : Impairment of inventories	(2,150.44)	(2,150.44)
	<u>1,677.02</u>	<u>2,191.42</u>
Inventories are valued at lower of cost or net realisable value.		
<b>9 Current investments</b>		
Investment in government securities		
Quoted		
Investment in T-bills	50,340.13	12,843.65
	<u>50,340.13</u>	<u>12,843.65</u>
(a) Aggregate book value of quoted investments;	50,340.13	12,843.65
(b) Aggregate market value of quoted investments;	50,340.13	12,843.65
(c) Aggregate amount of impairment in value of investments	-	-
<b>10 Trade receivables</b>		
<i>Unsecured</i>		
- Considered Good	4,611.81	4,261.90
- Doubtful	1,073.56	4,715.23
Less: Loss allowance	(1,073.56)	(4,715.23)
	<u>4,611.81</u>	<u>4,261.90</u>
<b>Of the above, trade receivables from related parties are as below:</b>		
Total Trade receivables from related parties	107.77	370.00
Less: Provision	-	-
Net Trade receivables	<u>107.77</u>	<u>370.00</u>
<b>11A Cash and cash equivalents</b>		
a. Balance with banks :		
In current account	13,813.81	17,566.61
In deposits with original maturity of less than 3 months	175.01	993.18
Deposits with more than 3 months but less than 12 months maturity		
In escrow account	-	-
b. Cash on hand	864.22	1,284.86
Less: Loss allowance	(2.73)	(3.50)
	<u>14,850.31</u>	<u>19,841.15</u>
<b>11B Bank balances other than cash and cash equivalents</b>		
Deposits with Banks*	10,855.64	11,999.62
Other fixed deposits (with original maturity in excess of three months and due to mature within 12 months from the reporting date)	2,910.54	3,108.08
Other bank balances**	50.17	50.17
Less: Loss allowance	(2.69)	(2.94)
	<u>13,813.66</u>	<u>15,154.93</u>

\* Includes deposits of Rs. 239.56 lakhs (Previous year 2019-20 : Rs. 190.12 lakhs) provided against the pending litigations under Value Added Tax Act & Rs. 5,887.05 (Previous Year 2019-20 : Nil) as cash collateral against borrowings.

\*\* Represents bank balance which is restricted on account of its corresponding creditors.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>12 Current financial assets - Loans</b>		
<b>Secured loans</b>		
<b>Considered good:</b>		
Loans to MSME (Secured)	504.12	547.83
<b>Considered doubtful:</b>		
Loans to MSME	33.79	40.08
Less: Loss allowance	(33.79)	(40.08)
	<b>(A) 504.12</b>	547.83
<b>Unsecured loans</b>		
<b>Considered good:</b>		
Loans to JLG groups	8,520.37	17,718.51
Loans to MSME	-	37.99
Loans to employees/contractual staff*	13.25	16.18
Death claim receivable	13.41	40.62
Security deposits	149.22	110.65
<b>Considered doubtful:</b>		
Loans to MSME	15.80	2.99
Less: Loss allowance	(15.80)	(2.99)
Loans to JLG groups	3,945.96	895.19
Less: Loss allowance	(3,945.96)	(895.19)
Death claim receivable	162.84	161.74
Less: Loss allowance	(162.84)	(161.74)
Security deposits	13.31	27.69
Less: Loss allowance	(13.31)	(27.69)
	<b>(B) 8,696.25</b>	17,923.95
	<b>(A + B) 9,200.37</b>	18,471.78
<b>13 Other current financial assets</b>		
Servicing Asset	-	18.36
Recoverable on account of settlement	-	1,103.67
Other receivables	7,626.41	2,272.99
Less: Loss allowance	(1.49)	(0.65)
	<b>7,624.92</b>	3,394.37
<b>14 Other current assets</b>		
Prepaid Expenses	74.07	131.69
Advances to staff/agents/employees	41.65	71.47
Advance to Suppliers	1,164.75	888.85
Other Current Assets	494.82	797.86
	<b>1,775.29</b>	1,889.87

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>15 Share capital</b>		
<b>a Authorised :</b>		
Equity Shares of Rs.10 each		
120,000,000 (31 March 2020 : 120,000,000) Equity shares	12,000.00	12,000.00
Fully convertible Preference Shares of Rs.10 each		
50,000,000 (31 March 2020 : 50,000,000) Equity shares	5,000.00	5,000.00
<b>TOTAL</b>	<b>17,000.00</b>	<b>17,000.00</b>
<b>b Issued and subscribed and paid up:</b>		
9,93,75,160 (31 March 2020 : 9,86,54,660 ) Equity shares fully paid up*	9,937.52	9,865.47
2,643,210 (31 March 2020 : 2,643,210 ) 9.00% Preference shares of class - A fully paid up	264.32	264.32
9,919,694 (31 March 2020 : 9,919,694) 0.005% Preference shares of class - B fully paid up	991.97	991.97
11,268,311 (31 March 2020 : 11,268,311) 12.00% Preference shares of class - C fully paid up	1,126.83	1,126.83
<b>TOTAL</b>	<b>12,320.64</b>	<b>12,248.59</b>
*On consolidation, 252,951 (31 March 2020 : 252,951) shares held by Fino ESOP trust are reduced from share capital.		
<b>c Reconciliation of number of shares outstanding at the beginning and end of the year :</b>		
<b>Equity share :</b>		
Outstanding at the beginning of the year	98,654,660	98,533,410
Equity Shares issued during the year in consideration for cash	-	-
Equity Shares issued during the year pursuant to exercise of ESOPs	720,500	121,250
Outstanding at the end of the year	<b>99,375,160</b>	<b>98,654,660</b>
<b>Preference share :</b>		
Outstanding at the beginning of the year	23,831,215	23,831,215
Converted into equity shares	-	-
Outstanding at the end of the year	<b>23,831,215</b>	<b>23,831,215</b>

### d Terms / rights attached to each classes of shares

#### 1. Rights, preferences and restrictions attached

Equity shares : The Group has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after repayment of all the liabilities and distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by them.

During the current year, the group has not declared any dividend (previous year: Nil)

Preference shares : All the FCPS holders carry one voting right for each share held by them. Holder of Series A, B and C Preference shares were entitled to Dividend of Rs.195,938,615, Rs.230,342 and Rs.360,493,144, respectively, ("Past Dividend Amount") and shall be paid in accordance with applicable Laws as and when the Company has sufficient funds to make such payment, whether in full or in part. The full payment of the Past Dividend Amounts shall be made by the Company before declaring any dividends (other than for purposes of payment of Past Dividend Amounts) on or after the date of the Shareholders Agreement dated 29th July, 2016. The Preference Shareholders shall, in addition to the respective accumulated preference dividend noted above, be entitled to, a minimum guaranteed dividend of 0.001% on the face value of the Preference Shares in accordance with applicable Laws; and the Company shall not, after full payment of Past Dividend Amounts, declare any dividend that is payable only to a select class of Shareholders.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

### Share Capital : (Continued)

#### e Shareholders holding more than 5% shares in the Group is set out below:

Equity share	31 March 2021		31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Bharat Petroleum Corporation Limited	28,435,423	28.61%	28,435,423	28.82%
ICICI Prudential Life Insurance Company Ltd.	11,328,854	11.40%	11,328,854	11.48%
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	7,512,207	7.56%	7,512,207	7.61%
HAV 3 Holdings (Mauritius) Limited	7,456,993	7.50%	7,456,993	7.56%
International Finance Corporation	6,569,567	6.61%	6,569,567	6.66%
ICICI Bank Limited	5,750,000	5.79%	5,750,000	5.83%
ICICI Lombard General Insurance Company Limited	5,289,194	5.32%	5,289,194	5.36%

#### Fully convertible preference shares

	As at 31 March 2021		As at 31 March 2020	
	No. of Shares	% holding	No. of Shares	% holding
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	11,268,311	47.28%	11,268,311	47.28%
HAV 3 Holdings (Mauritius) Limited	6,797,990	28.53%	6,797,990	28.53%
International Finance Corporation	3,104,350	13.03%	3,104,350	13.03%
Intel Capital Corporation	2,660,564	11.16%	2,660,564	11.16%

#### f Shares reserved for issuance under stock option plans of the Group

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, please refer Note 35.

#### g Terms of conversion of Fully convertible preference shares :

FCPS are convertible in equity shares at the option and discretion of the holders at any time into the whole or fractional number of equity shares obtained by dividing issue price of FCPS by the conversion price of Rs. 37, Rs. 48.44 and Rs. 79.87 for series A Preference shares, series B Preference shares and series C Preference shares respectively in accordance with the shareholders agreement. These Preference shares have been issued for the maximum period of 20 years from the date of issue. If any Preference Shares have not been converted on or prior to the expiry of the maximum period, such unconverted Preference Shares shall be compulsorily converted into equity Shares. Below is the issue date and last date for conversion for all the classes of preference shares issued :

Class of Shares	Issue Date	Last date for conversion
Class - A	8-Jun-07	7-Jun-27
Class - B	3-Dec-09	2-Dec-29
Class - C	8-Jul-11	7-Jul-31

#### h Terms of conversion of share warrants:

Share warrants are held by ICICI Bank Limited (number of share warrants 40 lakhs (31 March 2020 : 40 lakhs)) and ICICI Lombard General Insurance Company Limited (number of share warrants 15 lakhs (31 March 2020 : 15 lakhs)). Each warrant is convertible into 1 equity share at the rate of Rs. 10 each. The exercise of outstanding warrants shall be made before the date of filing of red herring prospectus of the company and in accordance with other terms and conditions of the articles of association of the company or such other date ('Expiry date') by which all convertible instruments are required to be converted pursuant to applicable regulations.

#### i Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of 5 years immediately preceding the reporting date: Nil (31 March 2020 : Nil)

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>16 Other Equity</b>		
Securities premium reserve	58,609.52	58,297.10
Statutory reserve	687.73	175.87
ESOP reserve	863.75	737.68
Retained earnings	(56,050.85)	(50,459.93)
Other comprehensive income		
Debt instrument through OCI	7.98	23.35
Equity instrument through OCI	17.93	175.24
	<u>4,136.06</u>	<u>8,949.31</u>
<b>Securities premium reserve</b>		
Opening balance	58,297.10	58,217.28
Additions during the year	312.42	79.82
<b>Closing balance</b>	<u>58,609.52</u>	<u>58,297.10</u>
<b>Statutory reserve</b>		
Opening balance	175.87	83.02
Additions during the year	511.86	92.85
<b>Closing balance</b>	<u>687.73</u>	<u>175.87</u>
<b>ESOP reserve</b>		
Opening balance	737.68	489.68
Additions during the year	126.07	248.00
<b>Closing balance</b>	<u>863.75</u>	<u>737.68</u>
<b>Retained earnings</b>		
Opening balance	(50,459.93)	(47,839.51)
Net loss for the year	(5,052.17)	(2,121.56)
ESOP lapsed	-	6.84
Transfer to Statutory Reserve (as per RBI Act)	(511.86)	(92.85)
Changes in ownership interest in subsidiaries that do not result in loss of control -	-	-
Unamortised gain on securitisation	-	-
Remeasurements of defined benefit liability / (asset) (net of tax)	(26.89)	(130.14)
Cumulative effect on transition to Ind AS 116	-	(282.71)
<b>Closing balance</b>	<u>(56,050.85)</u>	<u>(50,459.93)</u>
<b>Other comprehensive income</b>		
Debt instrument through OCI	23.35	13.04
Increase/(Decrease) during the year	(15.37)	10.31
Closing balance	7.98	23.35
Equity instrument through OCI		
As per Last Balance Sheet	175.24	175.24
Increase/(Decrease) during the year	(157.31)	-
Closing Balance	<u>17.93</u>	<u>175.24</u>
	<u>4,136.06</u>	<u>8,949.31</u>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>17 Non-current financial liabilities - Borrowings</b>		
<b>Secured</b>		
Term loans from banks*	478.59	735.55
Term loans from other parties	370.03	989.24
Privately placed redeemable non convertible debentures	2,982.21	2,980.04
Vehicle loans	0.00	22.81
<b>Unsecured</b>		
Subordinated debt (Non-convertible debenture)	1,989.26	4,471.01
	<u>5,820.09</u>	<u>9,198.65</u>
<b>Secured loan :</b>		
a. Term loans from banks are taken at an interest rate ranging from 10.75% p.a. to 13.50% p.a. and are repayable in monthly / quarterly installments ranging from 24 to 39 months. Term loans are secured by way of exclusive charge created through hypothecation of the specific loans for security cover, ranging from 1.1 to 1.15 times of the outstanding loans, and in case of certain loans also through corporate guarantee of Holding Company viz. FINO PayTech Limited and cash collaterals.		
b. Term loans from non banking financial companies are taken at an interest rate ranging from 11.25% p.a. to 15.00% p.a. and are repayable in monthly / quarterly installments ranging from 24 to 36 months. Term loans are secured by way of exclusive charge created through hypothecation of the specific loans for security cover, ranging from 1.0 to 1.1 times of the outstanding loans, through cash collaterals / first loss default guarantee deposit and in case of certain loans, also post dated cheques.		
c. Non convertible debenture is issued at an interest rate of 13.50% p.a. and is repayable in bullet payment in 72 months tenure from the deemed date of allotment. Non convertible debentures are secured through hypothecation of the specific pool of loans with a security cover of 1 time of the outstanding debentures.		
d. Vehicle loan is taken at an effective interest rate of 8.02% p.a. and is repayable in monthly installments in 60 months. Loan is secured by way of exclusive charge created through hypothecation of the vehicle.		
<b>Unsecured loan :</b>		
Subsequent subordinated debt of Rs. 2,000 lakhs is issued at an interest rate of 14.50% p.a. and is repayable on 01 October 2025 with interest payable monthly and is unsecured.		
<b>18 Non-current liabilities - Other financial liabilities</b>		
Lease liability	3,237.36	3,528.21
	<u>3,237.36</u>	<u>3,528.21</u>
<b>19 Non current liabilities - Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity [Refer note 37]	886.77	594.46
Compensated Absences [Refer note 37]	72.03	54.69
<b>Other provision :</b>		
Provision for litigation *	102.20	48.03
	<u>1,061.00</u>	<u>697.18</u>
* During the year ended 31 March 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lakhs towards cess on purchases within the NMMC jurisdiction. During the current year FY 20-21, same has been provided fully.		
<b>20 Other non-current liabilities</b>		
Contract liability	20.41	28.37
	<u>20.41</u>	<u>28.37</u>
<b>21 Current financial liabilities - Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand from banks*	18,870.50	14,024.99
Vehicle loans	-	13.04
	<u>18,870.50</u>	<u>14,038.03</u>

\* Cash credit facility from bank is taken at an interest rate of 10.05% p.a. and the same is secured against 1.2 times of the outstanding loans, corporate guarantee of Holding Company viz. FINO PayTech Limited and cash collaterals.

Over draft facilities from banks, other institutions and unsecured loan are taken at an interest rate ranging from 3.15% to 8.30% p.a. (previous year : 5.50% to 9.60%). Cash collaterals are provided against secured loan.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

As at 31 March 2021

(Currency: Indian Rupees in lakhs)

	31 March 2021	31 March 2020
<b>22 Trade and other payables</b>		
Dues to Micro, Small and Medium Enterprises	-	-
Others	5,489.92	5,179.51
	<u>5,489.92</u>	<u>5,179.51</u>
<p>Disclosure of outstanding dues of Micro and Small Enterprise under Trade Payables is based on the information available with the Group regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprises Development Act, 2006. There is no undisputed amount overdue as on 31 March 2021, to Micro, Small and Medium Enterprises on account of principal or interest.</p>		
<b>23 Current - Other financial liabilities</b>		
Current maturities of long-term debt	3,246.40	11,830.87
Current maturities of Sub Debt	2,492.71	-
Unpaid dividends	5,566.62	5,566.62
Interest accrued but not due on borrowings	45.34	157.80
Deposit collected from agents / vendors	39.77	46.90
Deposit from customers	25,073.01	12,673.23
Collections payable on loan securitised	0.38	0.53
Payable to related parties	0.00	(0.02)
Earnest money deposits from BC/Merchants	1,999.43	1,742.10
CMS collection payable account	4,118.52	489.37
Payable on settlement account	5,099.05	1,221.67
Payable on account of BC business	20,882.15	10,755.90
Other payables	566.88	2,626.60
Lease liability	575.15	983.35
	<u>69,705.41</u>	<u>48,094.92</u>
<b>24 Other current liabilities</b>		
Advances from customers	28.90	170.78
Statutory dues payables (includes Professional Tax, ESIC, Provident Fund, Withholding Taxes, etc.)	959.78	1,137.84
Contract liability [Refer note 54]	32.48	24.83
Other current liabilities	2,141.40	373.88
	<u>3,162.56</u>	<u>1,707.33</u>
<b>25 Current liabilities - Provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity [Refer note 37]	179.99	367.76
Bonus payable	765.93	682.37
Compensated absences [Refer note 37]	24.08	50.03
<b>Other provision :</b>		
Provision for expected loss on performance security	856.18	605.98
	<u>1,826.18</u>	<u>1,706.14</u>
<b>26 Deferred income</b>		
Contract liability	52.89	53.20
	<u>52.89</u>	<u>53.20</u>

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>27 Revenue from operations</b>		
<b>A. Sale of products</b>		
Cards and devices	341.25	2,314.63
<b>B. Rendering of services</b>		
Enrollment income	15,474.86	13,191.48
Commission, exchange, brokerage	47,928.44	47,473.59
Interest income on portfolio loans	3,318.17	6,502.33
Disbursement charges	3,582.30	3,726.49
Other services	12,806.24	9,528.27
<b>Total revenue from operations</b>	<b>83,451.26</b>	<b>82,736.79</b>
<b>28 Other income</b>		
Interest received on financial assets carried at amortised cost		
Deposits with banks	1,015.66	1,351.91
Other interest income	168.48	138.94
Interest received on financial assets carried at fair value through other comprehensive income (FVTOCI)		
T-bills	989.98	485.81
Profit / (loss) on sale of fixed assets (net)	0.27	11.36
Gain on disposal of ROU asset	183.96	-
Rent concessions	109.55	-
Other miscellaneous income	118.06	75.64
Write back of liabilities	-	490.84
<b>Total other income</b>	<b>2,585.96</b>	<b>2,554.50</b>
<b>29 Purchase of goods and services</b>		
<b>Purchase of goods:</b>		
Cards and devices	620.44	2,374.21
Other direct cost	833.01	675.49
<b>Purchase of services:</b>		
Sourcing charges	11,484.28	8,232.68
Enrollment expenses	127.15	1,217.87
Others	989.29	2,221.30
<b>Total purchases of goods and services</b>	<b>14,054.17</b>	<b>14,721.55</b>
<b>30 Changes in inventories of stock-in-trade and work-in-progress</b>		
<b>Opening Stock :</b>		
Traded goods	4,341.86	3,976.26
<b>Closing Stock:</b>		
Traded goods	3,827.46	4,341.86
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Traded goods	514.40	(365.60)
<b>Changes in inventories of stock-in-trade and work-in-progress</b>	<b>514.40</b>	<b>(365.60)</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>31 Employee benefit expense</b>		
Salaries and wages	13,419.84	15,631.84
Contribution to provident and other funds	991.78	1,108.63
Share based payment expenses	136.93	266.55
Staff welfare expenses	14.35	38.76
<b>Employee benefit expense</b>	<b>14,562.90</b>	<b>17,045.78</b>
<b>32 Finance costs</b>		
Interest on borrowings measured at amortised cost	2,866.43	4,195.13
Interest on deposits	595.24	276.58
Interest on Debentures	-	495.47
Other borrowing costs	58.20	202.90
Interest on unwinding of lease liability	437.37	470.45
<b>Finance costs</b>	<b>3,957.24</b>	<b>5,640.53</b>
<b>33 Other expenses</b>		
Repairs and maintenance:		
- Others	867.17	117.28
Rent	667.44	838.51
Rates and taxes	87.35	23.95
Insurance	445.89	379.20
Power and fuel	170.72	54.52
Communication cost	1,360.81	1,313.33
Infrastructure cost	71.53	83.02
Commission and brokerage	31,865.03	32,526.72
Bank charges	165.13	140.09
Travelling and conveyance	631.23	650.42
Training expenses	5.82	6.19
Legal and professional charges	3,150.34	2,944.59
Stationery & printing expenses	125.03	157.92
Directors sitting fees	93.79	19.39
Payment to auditors		
- Statutory audit	86.09	87.20
Provision for doubtful debts and advances	1,640.21	214.77
Provision for loan losses expenses	4,416.91	670.48
Advertisement, publicity and sales promotion expenses	864.18	709.15
Miscellaneous expenses	4,578.85	5,567.92
	<b>51,293.52</b>	<b>46,504.65</b>

## FINO PayTech Limited

### Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

#### 34 Financial instruments – Fair values and risk management

##### A. Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2021	Carrying amount			Level 1	Fair value	
	FVTPL	FVOCI	Amortised Cost		Total	Level 3
<b>Financial assets measured at fair value</b>						
Current investments		50,340.13		50,340.13	50,340.13	50,340.13
Non-current investments		272.22		272.22		272.22
<b>Financial assets not measured at fair value</b>						
<b>Non current financial assets</b>						
Non current investments			1.23	1.23		1.23
Loans						
Security deposits			1,773.78	1,773.78	1,838.50	1,838.50
Loans to JLG groups			1,003.51	1,003.51	760.94	760.94
Loans to MSME			427.83	427.83	420.06	420.06
Other non current financial assets			4,153.91	4,153.91	4,239.44	4,239.44
<b>Current financial assets</b>						
Trade receivables			4,611.81	4,611.81		-
Cash and cash equivalents			14,850.31	14,850.31		-
Other bank balances			13,813.66	13,813.66		-
Loans						
Security deposits			149.22	149.22		-
Loans to JLG groups			8,520.37	8,520.37		-
Loans to MSME			504.12	504.12		-
Loans to employees			13.25	13.25		-
Others			13.41	13.41		-
Other current financial assets			7,624.92	7,624.92		-
	-	50,612.35	57,461.33	108,073.68	50,340.13	57,872.52
<b>Financial liabilities not measured at fair value</b>						
Long term borrowings			5,820.09	5,820.09	4,598.40	4,598.40
Short term borrowings			18,870.50	18,870.50		-
Trade and other payables			5,489.92	5,489.92		-
Other current financial liabilities			69,705.41	69,705.41		-
	-	-	99,885.92	99,885.92	-	4,598.40

(1) Assets that are not financial assets such as receivables from statutory authorities, prepaid expenses, advances paid etc. are not included.

(2) Other liabilities that are not financial liabilities such as statutory dues payable, deferred revenue, advances from customers and certain other accruals etc. are not included.

(3) There are no level 2 items.

(4) Group has not taken any derivative instrument.

## FINO PayTech Limited

### Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

#### 34 Financial instruments – Fair values and risk management (Continued)

##### A. Accounting classification and fair values (Continued)

31 March 2020	Carrying amount				Fair value		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 3	Total
Financial assets measured at fair value							
Current investments	-	12,843.65	-	12,843.65	12,843.65	-	12,843.65
Non current investments		484.80	-	484.80		484.80	484.80
Financial assets not measured at fair value							
Non current financial assets							
Non current investments			1.09	1.09		1.09	1.09
Loans							
Security deposits			1,798.39	1,798.39		1,874.84	1,874.84
Loans to JLG groups			5,990.28	5,990.28		6,436.18	6,436.18
Loans to MSME			954.33	954.33		940.07	940.07
Other non current financial assets			3,042.84	3,042.84		3,065.80	3,065.80
Current financial assets							
Trade receivables			4,261.90	4,261.90			-
Cash and cash equivalents			19,841.15	19,841.15			-
Other bank balances			15,154.93	15,154.93			-
Loans							
Security deposits			110.65	110.65			-
Loans to JLG groups			17,718.51	17,718.51			-
Loans to MSME			585.82	585.82			-
Loans to employees			16.18	16.18			-
Others			40.62	40.62			-
Other current financial assets			3,394.37	3,394.37			-
	-	13,328.45	72,911.06	86,239.51	12,843.65	12,802.78	25,646.43
Financial liabilities not measured at fair value							
Long term borrowings			9,198.65	9,198.65		8,583.46	8,583.46
Short term borrowings			14,038.03	14,038.03			-
Trade and other payables			5,179.51	5,179.51			-
Other current financial liabilities			48,094.92	48,094.92			-
	-	-	76,511.11	76,511.11	-	8,583.46	8,583.46

(1) Assets that are not financial assets such as receivables from statutory authorities, prepaid expenses, advances paid etc. are not included.

(2) Other liabilities that are not financial liabilities such as statutory dues payable, deferred revenue, advances from customers and certain other accruals etc. are not included.

(3) There are no level 2 items.

(4) Group has not taken any derivative instrument.

## FINO PayTech Limited

### Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

#### 34 Financial instruments – Fair values and risk management (Continued)

##### B. Measurement of fair values

Valuation techniques and significant unobservable inputs

- Fair value of cash and bank balances, loans to employees, trade and other short term receivables, trade payables, other current liabilities etc. approximate their carrying amounts largely due to short term maturities of these instruments.
- The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

##### Financial instruments measured at fair value

Type	Valuation technique
Fixed rates long term borrowings	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Investment in equity instruments	For valuation of investment in equity instruments, discounted cash flow method is used to capture the present value of expected future economic benefits. Under the discounting cash flow method, the net cash flows expected to be generated are discounted using weighted average cost of capital.
Security deposits	The valuation model considers present value of expected payments discounted using the Government of India bond rate for the remaining maturity of the instrument.
Loans to JLG groups and MSME	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

Sensitivity analysis on level 3 fair values

For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

Significant unobservable inputs	31 March 2021			
	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	5.00%	4.93	3.00%	(4.56)
Cost of equity	27.89%	37.27	32.89%	(28.98)

Significant unobservable inputs	31 March 2020			
	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	5.50%	7.51	4.50%	(7.20)
Cost of equity	27.00%	39.40	29.00%	(18.83)

##### C. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

##### i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors from time to time provide guidance to the management on overall risk framework and implementation of risk policy.

The audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances.

The following financial assets represents the maximum credit exposure:

	Financial assets	
	31 March 2021	31 March 2020
Loans to JLG	13,952.29	24,898.56
Trade receivables	5,685.37	8,977.12
	<u>19,637.66</u>	<u>33,875.68</u>

##### a. Trade receivables

Concentration of credit risk with respect to trade receivables are limited, due to the Group's customer base being diverse. All trade receivables are reviewed and assessed for default on a periodic basis. The Group does not hold any collaterals as security.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. Accordingly, the Group makes specific provisions against such trade receivables wherever required and monitors the same at periodic intervals. Concentration of credit risk with respect to trade receivables are limited, due to the Group's customer base being diverse. All trade receivables are reviewed and assessed for default on a periodic basis. The Group does not hold any collaterals as security.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on the receivables outstanding for more than 180 days.

##### b. Credit risk related to financial services (NBFC) business

The maximum exposure to the credit risk at the reporting date is primarily from loans to Joint Liability Groups (JLG), loans to Micro, Small and Medium Enterprises (MSME) and other loans and advances (such as Mobile Loans, security deposits, FLDG placed for borrowings and securitisation, death claim receivable etc.) as mentioned below. Both trade receivables and other loans and advances are unsecured.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group offers any loan.

##### **Credit concentration and collaterals held:**

The group does not hold any collaterals against any of its credit exposures.

In case of loans to MSMEs, collateral is generally comprised of mortgage of immovable property of the MSME borrowers to cover any shortfall in outstanding loan principal and accrued interest. Such mortgage of immovable property provides a secondary source of repayment of funds advanced in the event that a customer cannot meet their contractual repayment obligations. The Loan to Value (LTV) of such loans is generally in the range of 35% to 70%.

The group evaluates the concentration of risk with after considering factors such as the geographical spread of its operations, the limit on lending to a single borrower and the past history of borrowers. The risk of concentration to credit risk is not considered to be significant with respect to loans made to the Joint Liability Group comprising women living in rural areas of India. The group's operations are spread out across 6 states in India with no concentration in any single area within a particular state.

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Financial instruments – Fair values and risk management (*Continued*)

#### C. Financial risk management (*Continued*)

##### **Inputs considered in the ECL model:**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and including forward looking information.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The Group categorises loan assets into stages based on the days past due status.

- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

##### **Assumption considered in the ECL model:**

- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. However in absence of such data we have used proxy rate as prescribed by regulatory authority.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

##### **Estimation techniques:**

The Lending business has applied the following estimation technique for ECL model:

- The probability of default is computed using a "roll rate" method based on the probability of receivable progressing through successive stages based on past portfolio
- Loss given default is calculated at the rate prescribed by regulatory authority.
- For FLDGs placed for BC Lending business, the ECL shall be calculated as lower of :
  1. ECL on the underlying loan portfolio
  2. Amount of FLDGs provided

##### **Forward looking information:**

The group incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the group forms a 'base case' view of the future direction of relevant economic variables such as real GDP, private consumption, domestic demand and money supply as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

##### **Assessment of significant increase in credit risk:**

The credit risk on a financial asset of the group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been 30 days past due.

##### **Definition of default:**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the group operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### Ageing analysis

The following tables show the ageing of loans & receivables:

Trade Receivables	31 March 2021	31 March 2020
Less than 180 days	4,551.64	3,878.19
More than 180 days	1,133.73	5,098.93
<b>Closing balance</b>	<b>5,685.37</b>	<b>8,977.12</b>

JLG Loans	31 March 2021	31 March 2020
Stage 1	5,301.98	23,532.00
Stage 2	4,153.84	991.00
Stage 3	4,496.47	376.00
<b>Closing balance</b>	<b>13,952.29</b>	<b>24,899.00</b>

MSME & other loans	31 March 2021	31 March 2020
Stage 1	819.09	1,430.00
Stage 2	75.80	130.00
Stage 3	125.18	81.00
<b>Closing balance</b>	<b>1,020.07</b>	<b>1,641.00</b>

##### Loss allowance

The following table shows movement in the loss allowance in respect of trade receivables:

	31 March 2021	31 March 2020
<b>Trade receivables</b>		
<b>Opening balance</b>	<b>4,715.23</b>	<b>4,978.91</b>
Net impairment loss recognised	-	-
Balance written back	(3,641.67)	(263.68)
<b>Closing balance</b>	<b>1,073.56</b>	<b>4,715.23</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 34 Financial instruments – Fair values and risk management (Continued)

#### C. Financial risk management (Continued)

##### Loss allowance

The following table shows reconciliations from the opening to the closing balance of the loss allowance:

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<b>Loans to Joint liability groups</b>				
<b>Balance as at 31 March 2019</b>	474.73	537.49	785.02	1,797.24
Transfer to 12 month ECL	1.41	(1.32)	(0.09)	(0.00)
Transfer to Lifetime ECL not credit impaired	(24.91)	36.09	(11.18)	-
Transfer to Lifetime ECL credit impaired	(8.30)	(21.59)	29.89	(0.00)
Net remeasurement of loss allowance	(28.25)	315.17	291.28	578.19
New financial assets originated or purchased	239.88	70.78	81.67	392.33
Financial assets that have been derecognised	(351.14)	(295.72)	(931.13)	(1,577.99)
<b>Balance as at 31 March 2020</b>	303.42	640.90	245.46	1,189.77
Transfer to 12 month ECL	0.79	(0.79)	-	-
Transfer to Lifetime ECL not credit impaired	(47.53)	47.53	-	-
Transfer to Lifetime ECL credit impaired	(48.01)	(25.00)	73.01	-
Net remeasurement of loss allowance	(167.49)	1,524.39	2,962.39	4,319.29
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	(812.28)	(268.38)	(1,080.66)
<b>Balance as at 31 March 2021</b>	41.18	1,374.75	3,012.48	4,428.40

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
<b>Loans to MSME</b>				
<b>Balance as at 31 March 2019</b>	28.25	14.33	14.01	56.59
Transfer to Lifetime ECL not credit impaired	(1.67)	1.67	-	-
Transfer to Lifetime ECL credit impaired	(0.44)	(9.77)	10.21	-
Net remeasurement of loss allowance	(17.81)	40.23	20.28	42.71
New financial assets originated or purchased	0.39	1.20	-	1.59
<b>Balance as at 31 March 2020</b>	8.72	47.66	44.50	100.88
Transfer to 12 month ECL	2.21	(2.21)	-	-
Transfer to Lifetime ECL not credit impaired	(0.53)	0.53	-	-
Transfer to Lifetime ECL credit impaired	(1.00)	(5.31)	6.31	-
Net remeasurement of loss allowance	(5.12)	(26.58)	18.95	(12.75)
New financial assets originated or purchased	-	-	-	-
<b>Balance as at 31 March 2021</b>	4.28	14.09	69.76	88.13

<b>FLDGs placed for BC lending</b>	31 March 2021	31 March 2020
Opening balance	605.98	955.99
Net Impairment loss recognised	250.20	114.15
Balance written back	-	(464.16)
<b>Closing balance</b>	856.18	605.98

\*First Loss Default Guarantee is provided to Fino Finance Private Limited for the BC (Business correspondent) business.

<b>Other advances</b>	31 March 2021	31 March 2020
Opening balance	345.10	240.35
Net Impairment loss recognised	7.84	144.41
Balance written back	(72.44)	(39.66)
<b>Closing balance</b>	280.50	345.10

12 month ECL and Lifetime ECL not impaired are collectively assessed. Lifetime ECL credit impaired are individually assessed. Loans which are written off continue to be subject to enforcement activity.

**Notes to the consolidated financial statements (Continued)**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**34 Financial instruments – Fair values and risk management (Continued)****C. Financial risk management (Continued)****iii. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

**Maturity profile of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 March 2021	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	478.59	3,207.04	2,412.51	380.72	413.81	-	-
Rupee term loans from others	3,616.43	1,116.54	539.70	316.95	259.89	-	-
Redeemable non convertible debentures	2,982.21	3,624.36	223.10	199.90	3,201.36	-	-
Working capital loans from banks	18,870.50	18,870.50	18,870.50	-	-	-	-
Subordinated debt	4,481.97	2,726.43	124.98	2,601.45	-	-	-
Borrowing against loans securitised	0.00	0.00	0.00	-	-	-	-
Vehicle loan	0.00	-	-	-	-	-	-
Trade and other payables	5,489.92	5,489.92	5,489.92	-	-	-	-
Other current financial liabilities	63,391.15	63,391.15	63,391.15	-	-	-	-
Lease liabilities	3,812.51	5,189.27	505.92	409.88	758.44	2,002.37	1,512.66

31 March 2020	Carrying amount	Total	Contractual cash flows				
			Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	12,566.42	8,825.65	4,449.11	3,565.35	540.80	270.39	-
Rupee term loans from others	989.24	5,940.73	3,583.23	1,277.95	819.66	259.89	-
Redeemable non convertible debentures	2,980.04	4,025.14	220.77	199.90	403.11	3,201.36	-
Working capital loans from banks	14,024.99	14,024.99	14,024.99	-	-	-	-
Subordinated debt	4,471.01	6,848.35	471.50	344.23	2,991.80	870.79	2,170.03
Borrowing against loans securitised	0.00	0.00	0.00	-	-	-	-
Vehicle loan	35.85	39.82	7.71	7.71	15.41	8.99	-
Trade and other payables	5,179.51	5,179.51	5,179.51	-	-	-	-
Other current financial liabilities	35,280.71	35,280.71	35,280.71	-	-	-	-
Lease liabilities	4,511.55	6,608.03	739.66	752.31	1,160.58	1,946.48	2,009.00

**Notes to the consolidated financial statements (Continued)**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**34 Financial instruments – Fair values and risk management (Continued)****C. Financial risk management (Continued)****iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Currency risk**

The Group is exposed to currency risk on account of its trade receivables and other financial assets in foreign currency. The functional currency of the Group is Indian Rupee i.e. INR.

**Exposure to currency risk (Exposure in different currencies converted to functional currency i.e. INR)**

The currency profile of financial assets and financial liabilities as at 31 March 2021, 31 March 2020 are as below:

	31 March 2021 USD	31 March 2021 EURO	31 March 2021 BDT
<b>Financial assets</b>			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade and other payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

	31 March 2020 USD	31 March 2020 EURO	31 March 2020 BDT
<b>Financial assets</b>			
Cash and cash equivalents	0.17	0.59	-
Trade and other receivables	-	-	-
	<u>0.17</u>	<u>0.59</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade and other payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

**Notes to the consolidated financial statements (Continued)**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**34 Financial instruments – Fair values and risk management (Continued)****C. Financial risk management (Continued)****iv. Market risk (Continued)**

The following significant exchange rates have been applied during the year.

	Year-end spot rate	
	31 March 2021	31 March 2020
USD 1	NA	75.37
EUR 1	NA	83.08
BDT 1	NA	NA

**Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Indian Rupee against the foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit / (loss)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	
<b>31 March 2021</b>				
USD - 3% Movement	-	-	-	-
EUR - 3% Movement	-	-	-	-
BDT - 3% Movement	-	-	-	-
	-	-	-	-

	Profit / (loss)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	
<b>31 March 2020</b>				
USD - 3% Movement	0.01	(0.01)	-	-
EUR - 3% Movement	0.02	(0.02)	0.01	(0.01)
	0.03	(0.03)	0.01	(0.01)

\*Amount is appearing as Rs. 0.00 since the balance is below Rs. 500

**Notes to the consolidated financial statements (Continued)**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**34 Financial instruments – Fair values and risk management (Continued)****C. Financial risk management (Continued)****Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

Group's interest rate risk arises from borrowings. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	31 March 2021	31 March 2020
<b>Borrowings</b>		
Fixed rate borrowings	<b>28,561.44</b>	26,434.72
Variable rate borrowings	<b>1,912.78</b>	8,787.58
Total	<b>30,474.22</b>	35,222.30

**Fair value sensitivity analysis for fixed-rate instruments**

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit / (loss)		Equity (net of tax)	
	100 bp increase	100 bp increase	100 bp increase	100 bp increase
<b>31 March 2021</b>				
Variable-rate instruments	(19.13)	19.13	(14.15)	14.15
<b>Cash flow sensitivity (net)</b>	<b>(19.13)</b>	<b>19.13</b>	<b>(14.15)</b>	<b>14.15</b>
<b>31 March 2020</b>				
Variable-rate instruments	(87.88)	87.88	(83.75)	83.75
<b>Cash flow sensitivity (net)</b>	<b>(87.88)</b>	<b>87.88</b>	<b>(83.75)</b>	<b>83.75</b>

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

# FINO PayTech Limited

## Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 35 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves. The Group's objective when managing capital are to :

- (a) maximise shareholders value and provide benefit to stakeholders and
- (b) maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities (Non Current and Current liability) less cash and cash equivalents and other bank deposits. Equity comprises all components of equity.

	31 March 2021	31 March 2020
Total liabilities	109,415.42	84,434.10
<b>Gross Debt</b>	<b>109,415.42</b>	84,434.10
Less - Cash and Cash Equivalents	<b>(14,850.31)</b>	(19,841.15)
Less - Other Bank Deposits	<b>(13,813.66)</b>	(15,154.93)
<b>Adjusted Net debt</b>	<b>80,751.45</b>	49,438.02
Total equity	17,052.56	21,781.77
Adjusted Net debt to equity ratio	4.74	2.27

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

Currency: Indian Rupees in lakhs

### 36 Share-based payment arrangements:

#### A. Description of share-based payment arrangements

##### i. Share option programmes (equity-settled)

The Company has only one Employee Stock Option Plan ESOP II 2007 ('Plan') in force for a total grant of 2,34,63,000 options across the various schemes under the said Plan. The Plan provides that the Company's employees are granted an option to acquire equity shares of the Company that vests in a graded manner. In the earlier period, there has been an amendment to the employee stock option scheme with reference to exercise of vested option by option grantee's nominee or legal heirs in case of death of option holder in accordance with which, all vested options may be exercised by the option grantee's nominee or legal heirs immediately after, but in no event later than five years from the date of death of the option holder. This amendment has come into force from 24th May, 2017.

#### ESOP

Grant Date	No. of Options	Exercise Price	Vesting Period (years)	Vesting Conditions
1-Jan-07	2,135,000	10.00	2 to 5	At the end of 1 year Nil and 25% of options at the end of years 2, 3, 4 and 5 respectively.
3-Sep-07	1,345,000	20.00	2 to 5	At the end of 1 year Nil and 25% of options at the end of years 2, 3, 4 and 5 respectively.
1-Sep-08	1,870,000	20.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Apr-09	3,265,000	20.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-10	3,035,000	30.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Oct-11	2,366,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-12	82,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-12	1,894,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-14	200,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
6-Feb-15	2,500,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Jul-15	75,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Dec-15	1,000,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
15-Apr-16	10,000	70.64	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Dec-16	50,000	70.64	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
16-Aug-17	1,995,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
3-Apr-18	100,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Aug-18	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
30-Aug-18	50,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Mar-19	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
1-Jul-19	980,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively

The weighted average share price as at the date of exercise of options exercised during the year ended 31 March 2021 was INR 51.86 (31 March 2020 : INR 100). Since the company is not listed, the share price available during the year is taken as the weighted average share price.

Share options outstanding at the end of the period have the following exercise price. As per the ESOP scheme-II 2007, while in employment the employee can exercise the vested options till the time it is listed in a stock exchange and three years from the date of vesting. Additionally, in the case of resignation/termination, all the vested options as on the last working day of the employee shall be exercisable before the expiry of three years from the his/ her last working day. Hence, the contractual life of the options is not determinable.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

Currency: Indian Rupees in lakhs

### 36 Share-based payment arrangements: (Continued)

Grant date	Exercise price	Share options 31 March 2021	Share options 31 March 2020
1-Jan-07	10.00	-	100,000
03-Sep -07 to 01 Apr-09	20.00	873,500	1,086,000
1-Aug-10	30.00	495,000	495,000
01-Oct-11 to 01-Mar-12	75.00	744,000	869,000
01-Aug-12 to 01-Dec-15	80.00	2,226,250	2,488,250
15-Apr-16 to 01-Dec-16	70.64	428,000	439,000
16-Aug-17 to 03-Apr-18	100.00	1,200,000	1,586,250
01-Aug-18 to 01-Mar-19	105.00	322,500	537,500
1-Jul-19	100.00	226,250	955,000

#### B. Measurement of fair values

##### i. Equity-settled share-based payment arrangements

The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to save in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop saving based on historical behavior.

Grant date	31 March 2021	31 March 2020
	Nil	1-Jul-19
Fair value at grant date	Nil	INR 22.89- Year 1 INR 28.02- Year 2 INR 32.80 - Year 3 INR 37.26 - Year 4
Share price at grant date	Nil	100.00
Exercise price	Nil	100
Expected volatility (weighted-average)	Nil	20.00%
Expected life (weighted-average)	Nil	4.50
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	Nil	6.2% - 6.6%

The following table lists the average inputs to the models used for the plans for the year ended 31 March 2021.

Particulars	Description of the inputs used
Expected volatility (weighted-average)	Expected volatility of the option is based on historical volatility of market returns, during a period equivalent to the option life, and adjusted for company's nature of operations and industry category.
Expected dividends	Dividend yield of the options is based on past trends of profitability and management's estimates of future dividends.
Risk-free interest rate (based on government bonds)	Risk-free interest rates are based on the government of India securities yield in effect at the time of the grant.

# FINO PayTech Limited

## Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2021

Currency: Indian Rupees in lakhs

### 36 Share-based payment arrangements: *(Continued)*

#### C. Reconciliation of outstanding share options

Activity in the options outstanding under the employee's stock option Scheme as at 31 March 2021

Particulars	31 March 2021		31 March 2020	
	Average exercise price per share per option	Number of options	Average exercise price per share per option	Number of options
Options outstanding as at the beginning of the year	75.20	8,556,000	72.21	7,844,750
Add: Options granted during the year	-	-	100.00	980,000
Less: Options exercised during the year	51.86	720,500	66.18	121,250
Less: Options lapsed during the year	100.00	93,750	88.85	147,500
Options outstanding as at the year end	77.07	7,741,750	75.20	8,556,000
Options exercisable as at the year end	72.59	6,515,500	67.35	6,548,500

#### D. Expenses arising from share based payment transactions

The total expenses arising from share based payment transactions recognised profit or loss as part of employee benefit expenses is INR 136.93 lakhs (31 March 2020: INR 266.55 lakhs)

# FINO PayTech Limited

## Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 37 Employee benefits

The Group contributes to the following post-employment defined benefit plans in India.

#### (i) Defined Contribution Plans (Provident Fund):

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

The Group has recognised INR 879.21 lakhs ( 31 March 2020 : 599.07 lakhs ) as expenditure and included under 'Employee benefit expenses' in the Statement of Profit and Loss.

#### (ii) Defined Benefit Plan:

##### Gratuity :

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

##### 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 the financial year.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and compensated absences amounts recognised in the Group's financial statements as at balance sheet date:

	Note	Gratuity		Compensated absences	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Liability at the end of the year	19, 25	1,066.76	962.22	96.11	104.73
Fair value of Plan Assets at the end of the year		-	-	-	-
Net Obligation at the end of the year		1,066.76	962.22	96.11	104.73

# FINO PayTech Limited

## Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 37 Employee benefits (Continued)

The Group contributes to the following post-employment defined benefit plans in India. (Continued)

#### B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	Defined benefit obligation		Gratuity Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Opening balance	962.21	758.80	-	-	962.21	758.80
Included in profit or loss						
Current service cost	147.69	140.85	-	-	147.69	140.85
Past service cost	-	-	-	-	-	-
Interest cost (income)	49.44	51.37	-	-	49.44	51.37
	<b>1,159.34</b>	951.02	-	-	<b>1,159.34</b>	951.02
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	96.42	(11.04)	-	-	96.42	(11.04)
Financial assumptions	(86.34)	51.86	-	-	(86.34)	51.86
Experience adjustment	16.81	89.32	-	-	16.81	89.32
	<b>1,186.23</b>	1,081.16	-	-	<b>1,186.23</b>	1,081.16
<b>Other</b>						
Contributions paid by the employer						
Benefits paid	(119.47)	(118.95)	-	-	(119.47)	(118.95)
Closing balance	<b>1,066.76</b>	962.21	-	-	<b>1,066.76</b>	962.21

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 37 Employee benefits (Continued)

The Group contributes to the following post-employment defined benefit plans in India. (Continued)

#### C. Defined benefit obligations

##### i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2021	31 March 2020
Discount rate	5.6%- 6.15%	4.95%-6.75%
Expected Rate of Return on Plan Assets	-	-
Salary escalation rate	5.20%- 6.80%	9.4% -11.3 % for first 2 years and 8% thereafter
Employee Turnover	15%- 22%	7%-60%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

##### ii. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2021		31 March 2020		31 March 2021		31 March 2020	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(52.36)	57.52	(27.52)	29.76	(4.32)	4.75	(2.58)	2.73
Future salary growth (1% movement)	56.46	(52.41)	28.35	(26.74)	4.66	(4.32)	2.60	(2.51)
Withdrawal rate (1% movement)	(44.55)	70.99	(4.88)	5.11	(1.28)	3.31	(0.23)	0.21

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

##### Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2021 were as follows

##### Expected future benefit payments

March 31, 2022	179.99
March 31, 2023	169.67
March 31, 2024	155.51
March 31, 2025	141.75
March 31, 2026	125.11
Thereafter	721.87

**FINO PayTech Limited**

**Notes to the financial statements (continued)**

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

**Note 38 : Leases**

**Right-of-use (ROU) asset**

Particulars	Building	Office Equipment	Total
<b>Gross Block</b>			
Opening balance as on 01 April 2019	3,239.88	-	3,239.88
Additions	2,875.57	362.85	3,238.42
Deletions	-	-	-
Closing Balance as on 31 March 2020	6,115.45	362.85	6,478.30
<b>Accumulated depreciation</b>			
Opening balance as on 01 April 2019	1,514.62	-	1,514.62
Depreciation for the period	855.78	9.98	865.76
Depreciation on deletions	-	-	-
Closing Balance as on 31 March 2020	2,370.40	9.98	2,380.38
<b>Net block</b>	<b>3,745.05</b>	<b>352.87</b>	<b>4,097.92</b>
<b>Gross Block</b>			
<b>Opening balance as on 01 April 2020</b>	<b>6,115.45</b>	<b>362.85</b>	<b>6,478.30</b>
<b>Additions</b>	<b>714.41</b>	<b>120.08</b>	<b>834.49</b>
<b>Deletions</b>	<b>(2,053.40)</b>	<b>-</b>	<b>(2,053.40)</b>
<b>Closing Balance as on 31 March 2021</b>	<b>4,776.46</b>	<b>482.93</b>	<b>5,259.39</b>
<b>Accumulated depreciation</b>			
<b>Opening balance as on 01 April 2020</b>	<b>2,370.40</b>	<b>9.98</b>	<b>2,380.38</b>
<b>Depreciation for the period</b>	<b>808.93</b>	<b>52.92</b>	<b>861.85</b>
<b>Depreciation on deletions</b>	<b>(1,478.31)</b>	<b>-</b>	<b>(1,478.31)</b>
<b>Closing Balance as on 31 March 2021</b>	<b>1,701.02</b>	<b>62.90</b>	<b>1,763.92</b>
<b>Net block</b>	<b>3,075.44</b>	<b>420.03</b>	<b>3,495.47</b>

Lease liabilities included in the balance sheet	As at 31 March 2021	As at 31 March 2020
Current	3,237.36	3,528.21
Non-current	575.15	983.35
	<b>3,812.51</b>	4,511.56

Amounts recognised in the statement of profit and loss	Year ended 31 March 2021	Year ended 31 March 2020
Interest on lease liabilities	437.37	470.45
Expenses relating to leases of low-value assets	667.44	838.51
Lease Concessions	109.55	-
<b>Total</b>	<b>1,214.36</b>	1,308.96

The maturity analysis of lease liabilities are disclosed in Note no. 34 of Financial instruments-Liquidity risk.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 39 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

	31 March 2021	31 March 2020
<b>i. Profit attributable to Equity holders of Company</b>		
Profit attributable to equity holders of the Company:		
Continuing operations	(5,052.17)	(2,121.56)
<b>Profit attributable to equity holders of the Company for basic earnings</b>	<b>(5,052.17)</b>	<b>(2,121.56)</b>
	<hr/>	<hr/>
<b>Profit attributable to equity holders of the Company adjusted for the effect of dilution</b>	<b>(5,052.17)</b>	<b>(2,121.56)</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>ii. Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 April	98,654,660	98,533,410
Effect of shares issued for cash	206,755	37,116
<b>Weighted average number of shares at 31 March</b>	<b>98,861,415</b>	<b>98,570,526</b>
Convertible preference shares	23,831,215	23,831,215
Share warrants	5,500,000	5,500,000
<b>Weighted average number of shares at 31 March for basic EPS</b>	<b>128,192,630</b>	<b>127,901,741</b>
	<hr/> <hr/>	<hr/> <hr/>
Weighted average number of shares at 31 March	128,192,630	127,901,741
Add: Potential Equity Shares	2,124,711	2,686,590
<b>Weighted average number of shares at 31 March for diluted EPS</b>	<b>130,317,341</b>	<b>130,588,331</b>
	<hr/> <hr/>	<hr/> <hr/>
	<b>31 March 2021</b>	31 March 2020
<b>Basic earnings per share</b>	<b>(3.94)</b>	(1.66)
<b>Diluted earnings per share</b>	<b>(3.94)</b>	(1.66)

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 40 Tax expense

#### (a) Amounts recognised in profit and loss

	31 March 2021	31 March 2020
<b>Current income tax</b>		
Current period (A)	8.26	48.38
Changes in estimated related to prior years (B)	-	-
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	55.27	65.53
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	-	-
<b>Deferred tax expense (C)</b>	<u>55.27</u>	<u>65.53</u>
<b>Tax expense for the year (A)+(B)+(C)</b>	<u><b>63.53</b></u>	<u><b>113.91</b></u>

#### (b) Amounts recognised in other comprehensive income

	Year ended 31 March 2021			Year ended 31 March 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of defined benefit liability (asset)	(26.89)	-	(26.89)	(130.14)	-	(130.14)
Equity investments through other comprehensive income - net change in fair value	(212.58)	55.27	(157.31)	-	-	-
<b>Items that will be reclassified to profit or loss</b>						
Investments measured at FVOCI	(15.37)	-	(15.37)	10.31	-	10.31
	<u>(254.84)</u>	<u>55.27</u>	<u>(199.57)</u>	<u>(119.83)</u>	<u>-</u>	<u>(119.83)</u>

#### (c) Reconciliation of effective tax rate

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Profit before tax</b>	<b>(4,976.65)</b>	(1,985.73)
Tax using the Company's domestic tax rate	(1,293.93)	(516.29)
<b>Tax effect of:</b>		
Tax impact of income not subject to tax	(611.59)	(481.91)
Tax effects of amounts which are not deductible for taxable income	1,605.33	881.60
Tax effect on items on which no deferred tax was recognized	32.20	100.65
Previously unrecognised tax losses and unabsorbed depreciation now recouped to reduce	-	-
Deferred tax assets not recognized because realization is not probable	1,880.80	414.27
Effect of permanent difference on utilization of loss	(1,549.21)	(346.08)
Effect of different tax rate	-	65.53
MAT credit entitlement recognised during the year	-	-
Expenses deductible in determining taxable book profits	-	-
Expenses not deductible in determining taxable book profits	-	-
Changes in estimated related to prior years	-	-
Others	(0.07)	(3.86)
	<u><b>63.53</b></u>	<u><b>113.91</b></u>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 40 Tax expense (Continued)

#### (d) Movement in deferred tax balances

	Net balance 01 April 2020	Recognised in profit or loss	31 March 2021		Net	Deferred tax asset	Deferred tax liability
			Recognised in OCI	Other			
<b>Deferred tax asset</b>						-	-
Property, plant and equipment	482.78	(20.26)	-	-	462.52	462.52	-
Leases	14.19	0.36	-	-	14.55	14.55	-
Security deposits	(0.08)	12.55	-	-	12.47	12.47	-
Borrowings	(22.65)	12.55			(10.10)	-	(10.10)
Loans	-	9.27			9.27	9.27	-
Provisions	1,351.36	(384.37)	-	-	966.99	966.99	-
Brought forward losses and unabsorbed depreciation	-	45.45	-	-	45.45	45.45	-
Equity instrument through OCI	(61.57)	0.00	55.27	-	(6.30)	-	(6.30)
MAT Credit	-	259.40	-	-	259.40	259.40	-
Other items	3.97	9.78	-	-	13.75	13.75	-
<b>Tax assets (Liabilities)</b>	<b>1,768.00</b>	<b>(55.27)</b>	<b>55.27</b>	<b>-</b>	<b>1,768.00</b>	<b>1,784.40</b>	<b>(16.40)</b>
Set off tax	-	-	-	-	-	-	-
<b>Net tax assets</b>	<b>1,768.00</b>	<b>(55.27)</b>	<b>55.27</b>	<b>-</b>	<b>1,768.00</b>	<b>1,784.40</b>	<b>(16.40)</b>

#### (e) Movement in deferred tax balances

	Net balance 01 April 2019	Recognised in profit or loss	31 March 2020		Net	Deferred tax asset	Deferred tax liability
			Recognised in OCI	Other			
<b>Deferred tax asset</b>							
Property, plant and equipment	419.44	63.34	-	-	482.78	482.78	-
Leases	-	14.19	-	-	14.19	14.19	-
Security deposits	0.08	(0.16)	-	-	(0.08)	-	(0.08)
Borrowings	-	(22.65)			(22.65)	-	(22.65)
Provisions	1,404.69	(53.33)	-	-	1,351.36	1,351.36	-
Brought forward losses and unabsorbed depreciation	-	-	-	-	-	-	-
Equity instrument through OCI	(61.57)	-	-	-	(61.57)	-	(61.57)
Other items	70.89	(66.92)	-	-	3.97	3.97	-
<b>Tax assets (Liabilities)</b>	<b>1,833.53</b>	<b>(65.53)</b>	<b>-</b>	<b>-</b>	<b>1,768.00</b>	<b>1,852.30</b>	<b>(84.30)</b>
Set off tax	-	-	-	-	-	-	-
<b>Net tax assets</b>	<b>1,833.53</b>	<b>(65.53)</b>	<b>-</b>	<b>-</b>	<b>1,768.00</b>	<b>1,852.30</b>	<b>(84.30)</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 40 Tax expense (Continued)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

#### Tax losses carried forward

	31 March 2021	Expiry date	31 March 2020	Expiry date
Expire	1,697.09	3/31/2022	1,697.09	3/31/2022
	1,211.17	3/31/2023	1,211.17	3/31/2023
	4,428.85	3/31/2024	4,428.85	3/31/2024
	4,155.29	3/31/2025	4,155.29	3/31/2025
	11,213.56	3/31/2026	10,912.33	3/31/2026
	5,593.27	3/31/2027	5,593.27	3/31/2027
	1,970.78	3/31/2028	-	-
	6,063.07	No expiry	-	-
	<u>36,333.08</u>		<u>27,998.00</u>	

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits therefrom:

	Year ended 31 March 2021	Year ended 31 March 2020
Deductible temporary differences [Gross amount]	3,685.73	1,984.73
MAT credit entitlement	259.40	-
Tax losses [Gross amount]	8,092.36	7,825.50
	<u>12,037.49</u>	<u>9,810.23</u>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 41 Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
FINO PayTech Limited	76.95%	57,466.16	31.82%	(1,603.89)	78.47%	(156.60)	33.59%	(1,760.49)
<b>Subsidiaries</b>								
<b>Indian</b>								
Fino Payments Bank Limited	19.70%	14,713.61	-39.92%	2,012.56	17.25%	(34.43)	-37.75%	1,978.13
Fino Finance Private Limited	3.23%	2,412.86	108.56%	(5,472.62)	4.28%	(8.54)	104.59%	(5,481.16)
FINO Trusteeship Services Limited	0.06%	44.07	-0.23%	11.51	0.00%	-	-0.22%	11.51
Fino Financial Services Private Limited	0.00%	(2.93)	0.01%	(0.73)	0.00%	-	0.01%	(0.73)
Non-controlling interests in all subsidiaries	0.06%	45.86	-0.24%	11.99	0.00%	-	-0.23%	11.99
<b>Total</b>	<b>100.00%</b>	<b>74,679.63</b>	<b>100.00%</b>	<b>(5,041.18)</b>	<b>99.99%</b>	<b>(199.57)</b>	<b>100.00%</b>	<b>(5,240.75)</b>
Adjustments arising out of consolidation		(57,627.07)		1.00		-		1.00
<b>As at 31 March 2021</b>		<b>17,052.56</b>		<b>(5,040.18)</b>		<b>(199.57)</b>		<b>(5,239.75)</b>

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
FINO PayTech Limited	74.06%	58,716.12	-38.11%	805.99	31.74%	(38.03)	-34.36%	767.96
<b>Subsidiaries</b>								
<b>Indian</b>								
Fino Payments Bank Limited	15.91%	12,611.58	162.06%	(3,427.72)	50.07%	(60.00)	156.06%	(3,487.72)
Fino Finance Private Limited	9.95%	7,884.66	-21.95%	464.24	18.19%	(21.80)	-19.80%	442.44
FINO Trusteeship Services Limited	0.04%	32.56	-1.00%	21.06	0.00%	-	-0.94%	21.06
Fino Financial Services Private Limited	0.00%	(2.20)	0.02%	(0.52)	0.00%	-	0.02%	(0.52)
Non-controlling interests in all subsidiaries	0.04%	33.87	-1.04%	21.92	0.00%	-	-0.98%	21.92
<b>Total</b>	<b>100.00%</b>	<b>79,276.59</b>	<b>100.00%</b>	<b>(2,115.03)</b>	<b>100.01%</b>	<b>(119.83)</b>	<b>100.00%</b>	<b>(2,234.86)</b>
Adjustments arising out of consolidation		(57,494.82)		15.39		-		15.39
<b>As at 31 March 2020</b>		<b>21,781.77</b>		<b>(2,099.64)</b>		<b>(119.83)</b>		<b>(2,219.47)</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 42 Related Party Disclosures

#### A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
<b>1</b>	<b><u>Subsidiary Companies</u></b>		
	Fino Finance Private Limited (formerly known as Intrepid Finance and Leasing private limited)	India	100.00%
	Fino Payments Bank Limited (formerly known as FINO Fintech Private limited)	India	100.00%
	FINO Trusteeship Services limited	India	49.00%
	Fino Financial Services Private Limited	India	100.00%
<b>2</b>	<b>Names of related parties by whom significant influence is exercised</b>		
	Bharat Petroleum Corporation Limited	India	28.61%
<b>3</b>	<b>Key Management Personnel</b>		
	Ashok Kini -Non-executive Chairman & Independent Director		
	Alok Gupta- Nominee Director of HAV 3		
	Amit Jain- Nominee director Blackstone		
	Dr. Anjana Grewal - Independent Director		
	Sudeep Gupta - Whole-time Director		
	Ramakrishna Gupta Vesta - Nominee Director of Bharat Petroleum Corporation Limited (BPCL)		
	Praveer Kumar - Chief financial officer		
	Basavraj Loni – Company Secretary & AVP- Legal (Upto 05th May, 2020)		
	Riya Devulkar – Company Secretary & Manager-Legal (Appointed w.e.f. 28th May, 2020 till 05th Dec.2020)		
	Jitendra Garg - Company Secretary & Manager-Legal (Appointed w.e.f. 02nd March 2021)		

#### B. Transactions with key management personnel

##### i. Key management personnel compensation

Sr. No.	Particulars	Year ended 31 March 2021	Year ended 31 March 2020
i.	Short-term employee benefits	42.90	-
ii.	Post-employment defined benefit	2.66	-
iii.	Share based payments	-	-
iv.	Compensated absences	-	-

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 42 Related party relationships, transactions and balances

Note 42 above provides the information about the Group's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transaction	Related party by whom significant influence in exercised	Key Management Personnel	Total
Purchase of services			
31 March 2021	-	-	-
31 March 2020	14.39	-	14.39
Sale of Services			
31 March 2021	289.94	-	289.94
31 March 2020	313.56	-	313.56
Loans given			
31 March 2021	-	-	-
31 March 2020	-	-	-
Loans repaid			
31 March 2021	-	-	-
31 March 2020	-	-	-
Interest on loan			
31 March 2021	-	-	-
31 March 2020	-	-	-
Salary and allowances			
31 March 2021	-	-	-
31 March 2020	-	-	-
<b>Balance Outstanding</b>			
Trade Receivables			
31 March 2021	107.77	-	107.77
31 March 2020	370.00	-	370.00
Share warrants			
31 March 2021	-	-	-
31 March 2020	-	-	-
Bank balances			
31 March 2021	-	-	-
31 March 2020	-	-	-
Other payables			
31 March 2021	-	-	-
31 March 2020	-	-	-
Vehicle loan			
31 March 2021	-	-	-
31 March 2020	-	-	-
Loan			
31 March 2021	-	-	-
31 March 2020	-	-	-
Equity shares held in Intrepid			
31 March 2021	-	-	-
31 March 2020	-	-	-

All transactions with these related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions.

Outstanding balances at the year-end are unsecured and settlement occurs in cash.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 43 Contingent liabilities

	31 March 2021	31 March 2020
<b>a. Contingent liabilities</b>		
(i) Arrears of preference share dividend	-	-
(ii) Value added tax and entry tax	730.05	752.00
(iii) Navi Mumbai Municipal Corporation cess	-	54.18
(iv) Credit enhancements provided towards asset securitisation in the form of cash collaterals	-	-
(v) Corporate guarantee issued on behalf of subsidiaries	2,182.82	5,852.32
(vi) Performance security provided	-	-
(vii) Income tax notice u/s 143(3)	33.11	65.78
(viii) Credit enhancements provided towards business correspondent arrangement in the form of cash collaterals	-	-
(ix) Employer's contribution to PF*	368.25	368.25

\*Pertains to Fino Payments Bank Limited

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

### b. Capital Commitments

The Group has capital commitments of INR 1,417.50 lakhs at 31 March 2021 (31 March 2020: INR 15.96 lakhs).

### 44 Details of Dues to micro, small and medium suppliers

	31 March 2021	31 March 2020
<b>Dues to micro and small suppliers</b>		
a. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	-
- Interest	-	-
b. The amount of interest paid by the Group as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with amount of the payment made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 45 Foreign currency transactions

Expenditure in foreign currency	31 March 2021	31 March 2020
Director sitting fees	8.43	10.75
Membership fees	0.63	10.53
Miscellaneous expenses	16.95	75.66
Legal and professional fees	18.51	10.71
AMC	-	14.98
	<b>44.52</b>	<b>122.63</b>
<b>Income earned in foreign currency</b>		
Sale of services	7.18	-
Other non operating income	-	-
	<b>7.18</b>	<b>-</b>

### 46 a. Corporate social responsibility

Particulars	31 March 2021	31 March 2020
1) Amount required to be spent as per section 135 of the Companies Act, 2013:	-	-
2) Amount spent during the year	-	-
(i) Construction/acquisition of any asset	-	-
(ii) on purposes other than (i) above	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### b. Social Security Code, 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company 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.

### c. COVID-19

The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus. This pandemic and response thereon have impacted most of the industries. Consequent to the nationwide lock down on March 24, 2020, the Company's operations were scaled down in compliance with applicable regulatory orders. Subsequently, during the year, the Company's operations have been scaled up in a phased manner taking into account directives from various Government authorities. The impact on future operations would, to a large extent, depend on how the pandemic further develops and its resultant impact on the operations of the Company. The Company continues to monitor the situation and take appropriate action, as considered necessary in due compliance with the applicable regulations.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that no there is no impact which is required to be recognized in the financial statements. Accordingly, no adjustments have been made to the financial statements.

Particulars	31 March 2021
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	12,518.26
ii) Respective amount where asset classification benefits is extended	12,518.26
iii) General provision made*	-
iv) General provision adjusted during the period against slippages and the residual provisions	-

\*The component of Group, being NBFC, has complied with Ind-AS guidelines duly approved by the Board for recognition of the impairments.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 47 Segment reporting

The main business of the Group is to carry on the activity of promoting sustainable livelihood for the rural poor and underserved classes by helping them becoming economically self-reliant, through the provision of financial services and technical assistance in an integrated and sustainable manner. Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

The Group has identified four reportable business segment viz. Corporate Business, Lending, Retail and Others. Corporate business includes customer acquisition on behalf of other banks and servicing them through the BC network. Lending includes distribution of small ticket size loans to SHGs in rural areas. We operate for our NBFC and as BCs to other NBFCs/ banks. Retail includes account opening (CASA), banking transactions, remittance and sale of other financial products like insurance, mutual fund etc. through branch network and merchant channel. Others consists of residuary incomes such as grants and Interest on Income tax refund. The Company has determined the reporting segments based on the information reviewed by the Company's Chief Operating Decision Maker (CODM). The accounting policies consistently used in the preparation of the financial statements are also consistently applied to record income and expenditure of individual segments.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Segment assets and segment liabilities represent assets and liabilities in respective segments.

Sr. No.	Particulars	Corporate		Lending		Retail		Others		Total	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
1	<b>Segment Revenue</b>										
	External Turnover	18,075.27	18,550.96	4,974.74	10,136.33	60,737.75	54,972.06	21.42	-	83,809.18	83,659.35
	Inter Segment Turnover	-	(332.26)	(584.63)	(514.13)	226.71	(76.17)	-	-	(357.92)	(922.56)
	<b>Total Turnover</b>	<b>18,075.27</b>	<b>18,218.70</b>	<b>4,390.11</b>	<b>9,622.20</b>	<b>60,964.46</b>	<b>54,895.89</b>	<b>21.42</b>	<b>-</b>	<b>83,451.26</b>	<b>82,736.79</b>
	Other Income	1,241.73	1,473.50	156.49	514.74	6.53	448.34	1,181.21	175.92	2,585.96	2,612.50
	Inter Segment Turnover	-	-	-	-	-	-	-	(58.00)	-	(58.00)
	<b>Total Income</b>	<b>19,317.00</b>	<b>19,692.20</b>	<b>4,546.60</b>	<b>10,136.94</b>	<b>60,970.99</b>	<b>55,344.23</b>	<b>1,202.63</b>	<b>117.92</b>	<b>86,037.22</b>	<b>85,291.29</b>
2	<b>Segment Result before Interest and Taxes</b>	<b>(17.01)</b>	2,958.88	<b>(2,898.23)</b>	4,883.63	<b>12,011.24</b>	5,715.95	<b>1,198.37</b>	129.76	<b>10,294.37</b>	13,688.22
	Less : Interest Expense	536.03	1,007.72	2,575.75	4,195.95	446.47	451.20	398.99	(14.35)	3,957.24	5,640.52
	Less : Unallocated Expenses	-	-	-	-	-	-	-	-	11,313.78	10,033.43
	<b>Profit Before Tax</b>	<b>(553.04)</b>	1,951.16	<b>(5,473.98)</b>	687.68	<b>11,564.77</b>	5,264.75	<b>799.38</b>	144.11	<b>(4,976.65)</b>	(1,985.73)
	Tax	55.27	33.28	-	65.53	-	-	8.26	15.10	63.53	113.91
	<b>Profit After Tax</b>	<b>(608.31)</b>	1,917.88	<b>(5,473.98)</b>	622.15	<b>11,564.77</b>	5,264.75	<b>791.12</b>	129.01	<b>(5,040.18)</b>	(2,099.64)
3	<b>Other Information</b>										
	Segment Assets	28,013.09	29,151.05	15,390.96	32,797.23	15,653.91	36,228.98	16.64	15.02	59,074.60	98,192.28
	Add: Unallocated corporate assets	-	-	-	-	-	-	-	-	67,393.38	8,023.59
	<b>Total segment assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,467.98</b>	<b>106,215.87</b>
	Segment Liabilities	16,614.21	21,961.72	12,978.10	24,910.98	59,286.91	30,801.12	14.11	3.99	88,893.33	77,677.81
	Add: Unallocated corporate liabilities	-	-	-	-	-	-	-	-	20,522.09	6,756.29
	<b>Total segment liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,415.42</b>	<b>84,434.10</b>
	<b>Depreciation and amortization expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,631.64</b>	<b>3,730.12</b>

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 48 Transfer of financial assets

The Group transfers financial assets, primarily loans to Joint Liability Groups, that are not derecognised as the Company has continuing involvement.

#### Securitisations:

##### Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transactions involving its Joint Liability Group loan portfolio.

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates to third party investors.

In the securitisations in which the Company transfers loans and advances to an unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the SPV's. The Company does not transfer substantially all of the risks and rewards of these assets. Hence, the company continues to recognize the securitised portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

<b>31 March 2021</b>	<b>Loans to Joint liability group</b>	<b>Credit enhancements</b>
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

<b>31 March 2020</b>	<b>Loans to Joint liability group</b>	<b>Credit enhancements</b>
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 49 Master netting or similar agreements

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 March.

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset in the balance sheet		
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
<b>31 March 2021</b>						
<b>Financial assets</b>						
Bank balances other than cash and cash equivalents	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Financial liabilities</b>						
Long term borrowings	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset in the balance sheet		
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
<b>31 March 2020</b>						
<b>Financial assets</b>						
Bank balances other than cash and cash equivalents	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Financial liabilities</b>						
Long term borrowings	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

# FINO PayTech Limited

## Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 50 Involvement with unconsolidated structured entities

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of structured entities	Nature and purpose	Interest held by the Company	Total Assets 31 March 2021	Total Assets 31 March 2020
Securitisation vehicle for loans and advances	To generate:  - Funding for the Company's lending activities,	- Credit enhancements placed with the SPV's	-	-

# FINO PayTech Limited

## Notes to the financial statements *(Continued)*

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 51 Subsequent Events

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the balance sheet date.

### 52 Litigation

During the year ended 31 March 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lakhs towards cess on purchases within the NMMC jurisdiction. During the current year FY 20-21, Company has provided 54.18 lacs additionally. Hence, there is no contingent liability on account of NMMC cess.

There are pending litigation under UP VAT Act, department has considered all the movement of assets from one state to other state as a deemed sale in the year 2008-09 & 2010-11 and in the year 2009-10, 2011-12, 2012-13, 2013-14 & 2014-15 department has increased card price. There are pending litigation under Maharashtra VAT Act, department has raised CST demand. Total liability under dispute is amounting to INR 730.05 Lakhs against which company has paid INR 178.09 lakhs under protest.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its Financial results.

As a result of assessment proceedings under income tax act for AY 2011-12, there is an addition to taxable income on account of agent security deposit. Total demand raised by the department is Rs. 33.11 Lakhs and the Bank has paid Rs. 5.30 Lakhs under protest. The Bank has accordingly recorded contingent liability for these matters

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

(Currency: Indian Rupees in lakhs)

### 53 Impairment testing of Goodwill

For the purposes of impairment testing, goodwill has been allocated as follows:

	As at 31 March 2021	As at 31 March 2020
Acquisition of the lending business	716.66	716.66
Less: Impairment loss	-	-
Total	<u>716.66</u>	<u>716.66</u>

The recoverable amount was based on greater of fair value less costs of disposal and value in use estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	As at 31 March 2021	As at 31 March 2020
Price to book value multiple	3.39	1.80

#### ii. Sensitivity analysis

Change in recoverable amount of Goodwill	As at 31 March 2021	As at 31 March 2020
Increase by 5% of price to book value multiple	409.25	707.87
Decrease by 5% of price to book value multiple	(409.25)	(707.87)

Reduction in 5% sensitivity analysis of price to book value multiple will not warrant any impairment on goodwill since the fair value will be above the carrying value. Increase in 5% sensitivity analysis of price to book value multiple will not have any impact on goodwill since it is carried at cost.

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

*For the Year ended 31 March 2021*

Currency: Indian Rupees in lakhs

### **54 Revenue from contract with customers**

#### **Changes in significant accounting policies - Ind AS 115: Revenue from contracts with customers**

The Company derives revenues primarily from sale of device along with AMC, enrolment services, BC services, repairs and maintenance of devices, advertisement services, micro ATM running charges.

Revenue is recognized upon transfer of control of devices or services to customers in an amount that reflects the consideration expected to receive in exchange for those devices or services.

Revenues in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

In case of sale of devices along with AMC, the Company has applied the guidance in Ind AS 115, Revenue from Contracts with Customers, by applying the revenue recognition criteria for each distinct performance obligation. Sale of devices and AMC services meet the criteria of distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. The revenue is recognised at point in time for sale of devices and over the period of time in case of AMC.

Enrolment services, BC services, repairs and maintenance of devices, advertisement services, micro ATM running charges are recognized over the period of time / term of the contract.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

# FINO PayTech Limited

## Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2021

Currency: Indian Rupees in lakhs

### 54 Revenue from contract with customers (continued)

#### Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major revenue streams and timing of revenue recognition :

Major revenue streams	Year ended 31 March 2021	Year ended 31 March 2020
<b>Corporate</b>		
Sale of products	341.25	2,314.63
CBS Services, enrollment income and other services	1,565.81	3,826.72
BC Banking	16,168.21	12,077.35
Total	18,075.27	18,218.70
<b>Retail</b>		
Sale products		
Other services description		
Cash management services	3,050.95	1,450.47
Insurance	-	112.36
Remittances	25,646.36	59.65
Commission, exchange and brokerage	25,641.63	51,607.96
Miscellaneous income	6,646.94	1,665.45
	60,985.88	54,895.89
<b>Income other than lending business</b>	79,061.15	73,114.59
<b>Interest income</b>	3,318.17	6,502.33
<b>Excess interest spread on direct assignment</b>	-	121.18
<b>Others</b>	1,071.94	2,998.69
<b>Income from lending business</b>	4,390.11	9,622.20
<b>Total revenue from operations</b>	83,451.26	82,736.79
<b>Timing of revenue recognition</b>		
Products transferred at point in time	341.25	2,314.63
Services transferred over the period of time	79,791.84	73,798.65
Recognised as per Ind AS 109	3,318.17	6,623.51
	83,451.26	82,736.79

# FINO PayTech Limited

## Notes to the consolidated financial statements (*Continued*)

For the Year ended 31 March 2021

Currency: Indian Rupees in lakhs

### 54 Revenue from contract with customers (*continued*)

The information relating to trade receivables and contract liabilities relating to revenue from operations is disclosed in note no. 10 and 24 respectively.

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021, other than those meeting the exclusion criteria mentioned above, is 52.89 lakh (March 2020 : 53.20 lakh). Out of this, the Company expects to recognize revenue of around 61% (March 2020 : 47%) within the next one year and the remaining thereafter.

**For MSKC & Associates (Formerly known as R. K. Kumar & Co.)**

*Chartered Accountants*

Firm's Registration No: 001595S

**Tushar Kurani**

*Partner*

Membership No: 118580

Mumbai

24 June 2021

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

**FINO PayTech Limited**

Sd/-

**Ashok Kini**

*Non-Executive Chairman &*

*Independent Director*

*DIN 00812946*

Sd/-

**Praveer Kumar**

*Chief Financial Officer*

Sd/-

**Sudeep Gupta**

*Whole-time Director*

*DIN 07899859*

Sd/-

**Jitendra Garg**

*Company Secretary*



**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries/Associate Company**

(Information in respect of each subsidiary to be presented with amounts in *Rs.in lakhs*)

Sl. No.	Particulars	Details	Details	Details	Details
1.	Name of the Wholly Owned subsidiary/ Associate Company/	Fino Finance Pvt. Ltd.	Fino Payments Bank Ltd.	Fino Trusteeship Services Ltd.	Fino Financial Services Pvt. Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Fino Paytech Limited	Same as Holding Company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR
4.	Share capital	1,107.68	4,458.00	5.00	1.00
5.	Reserves & surplus	1,305.18	10,596.75	84.93	(3.93)
6.	Total assets	15,390.96	1,01,029.14	581.49	0.03
7.	Total Liabilities	12,978.10	85,974.39	491.56	2.96
8.	Investments	-	50,355.80	-	-
9.	Turnover	5,131.22	79,102.70	35.31	-
10.	Profit before taxation	(5,472.62)	2,047.43	31.76	(0.73)
11.	Provision for taxation	-	-	8.26	-
12.	Profit after taxation	(5,472.62)	2,047.43	23.50	(0.73)
13.	Proposed Dividend	-	-	-	-
14.	% of shareholding	100%	100%	49%	100%

1. Name of subsidiary which is yet to commence operations- FINO Financial Services Private Ltd.

2. Names of subsidiaries which have been liquidated or sold during the year- NIL

Fino Paytech Limited

CIN: U72900MH2006PLC162656

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**Part “B”: Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures-**

<b>Fino Trusteeship Services Limited</b>	<b>Particulars</b>
1. Latest audited Balance Sheet Date	31.03.2021
2. Shares of Associate/Joint Ventures held by the company on the year end	Fino PayTech Limited
Number	24,500
Amount of Investment in Associates/Joint Venture	Rs. 2,45,000
Extend of Holding%	49%
3. Description of how there is significant influence	By holding of equity shares
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 89.93 Lakhs
6. Profit/(Loss) for the year	Rs. 23.50 Lakhs
i. Considered in Consolidation	Yes
ii. Not Considered in Consolidation	Not Applicable

1. Names of associates or joint ventures which are yet to commence operations.-NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year.-NIL

Fino Paytech Limited

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