FINO PAYTECH LIMITED

Annual Report for the F.Y. 2019-2020

FINO PAYTECH LIMITED

BOARDS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Fourteenth Annual Report together with the Audited Standalone and Consolidated Financial Statements for the Financial year ended 31st March, 2020. Consolidated statements include the statements of Fino Payments Bank Limited (Formerly known as FINO Fintech Limited), Fino Finance Private Limited (Formally known as Intrepid Finance and Leasing Private Limited), Fino Financial Services Private Limited, Wholly Owned Subsidiaries and Fino Trusteeship Services Limited, Associate Company.

Financial Highlights

(Rs. in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2019-20 Current Year	2018-19 Previous Year	2019-20 Current Year	2018-19 Previous Year
Net Sales and other income	6,414.21	5,302.85	85,291.29	54,739.10
Profit /(Loss) before Interest, Depreciation and Tax	1,326.54	1,179.22	7,384.90	3,624.05
Finance Charges	204.45	504.73	5,640.52	6,562.96
Depreciation	282.84	289.08	3,730.12	2,456.17
Profit /(Loss) before Tax and prior period items	839.26	385.41	(1,985.73)	(5,395.08)
Prior period items	-	-	-	-
Profit /(Loss) before Tax	839.26	385.41	(1,985.73)	(5,395.08)
Tax expenses:				
Current tax	33.28	-	48.38	73.25
Tax provision for earlier yrs.	-	-	-	-
Deferred	-	1,308.20	65.53	1,864.38
Mat Credit entitlement	-	-	-	-
Net Profit /(Loss) after Tax	805.98	(922.79)	(2,099.64)	(7,332.71)
Other Comprehensive Income	(38.03)	178.44	(119.84)	143.68
Balance of Profit /(Loss) carried forward to next year	767.95	(744.35)	(2,219.47)	(7,189.03)

FINO PAYTECH LIMITED

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards ("Ind AS ") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

Bharat Petroleum Corporation Limited's (BPCL) investment in the Company is 23.17% (as on 31st March, 2020), therefore your Company is an Associate Company of the BPCL.

Financial Statements for the year ended and as at March 31, 2020 have been prepared to conform to Ind AS.

Company Performance

The net revenue of the Company was Rs. 6,414.21 lakhs as against Rs. 5,302.85 lakhs in the previous year. The Profit / Loss before tax was Rs. 839.26 lakhs as against Rs 385.41 lakhs in the previous year.

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.

Payment of Dividend

In order to conserve its profit and for future expansion/investment in the business of the Company, your Board of Directors has expressed their inability to recommend any dividend to the Shareholders for the financial year ended 31st March, 2020.

Reserves

The Company doesn't propose to transfer any amount to General Reserves.

Material changes and commitments

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the Financial Statements for the year ended 31st March, 2020. The Company shall continue to closely monitor any material changes to future economic conditions.

The spread of COVID-19 pandemic and the subsequent pan-India lockdown announced by the Government of India are the events which have continued till the date of the announcement of financial statements of the Company. Your Company has initiated the process of resuming operations in its office located in the green and orange zones identified under the COVID-19 guidelines.

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.

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 (Formerly known as Intrepid Finance & Leasing Pvt. Ltd.)	Acquired	2010	Wholly-owned Subsidiary
2.	FINO Trusteeship Services Ltd.	Incorporated	2009	Associate Company
3.	Fino Payments Bank Limited (Formerly known as FINO Fintech 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 annexed and forming part of the Consolidated financial statements of the Company.

Highlights of the performance of Company's Wholly-owned Subsidiary Companies & Associate Company:

The total revenue from the operation of Fino Payments Bank Limited during the year under review is Rs. 69139.73 lakhs and Net Loss is Rs. 3203.62 lakhs.

The total revenue from the operation of Fino Finance Private Limited during the year under review is Rs. 10,157.43 lakhs and Net Profit is Rs. 464.24 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. 0.521 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. 42.99 lakhs.

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 1,21,250 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. 122,61,75,760 /- to Rs. 122,73,88,260 /-. 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 therefore as on 31st March, 2020, 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/-.

Directors' and Key Managerial Personnel

During the year under review, Mr. Rishi Daultani tendered his resignation as Chief Financial officer (CFO) of the Company with effect from 07th October, 2019.

Mr. Ramakrishna Gupta Vetsa was appointed as Nominee Director of "Bharat Petroleum Corporation Limited" with effect from 28th May, 2019.

At the Annual General Meeting of the Company held on 30th September, 2019, the Shareholders of the Company had confirmed the appointment of Mr. Sudeep Gupta as Whole-time Director of the Company for a period of Three (3) years with effect from 14th November, 2018 to 13th November, 2021 (both days inclusive). Mr. Sudeep Gupta retires by rotation at the forthcoming AGM and is eligible for re-appointment.

Further, Mr. Praveer Kumar was appointed as Chief Financial Officer (CFO) with effect from 01st April, 2020. Mr. Basavraj Loni tendered his resignation as Company Secretary with effect from 05th May, 2020. Ms. Riya Devulkar was appointed as Company Secretary with effect from 28th May, 2020.

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.

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.

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.

Details of Board of Directors' Meetings

During the year under review, four (4) Board meetings were held and the date on which the meetings were held are:

1. 28.05.2019
2. 09.08.2019
3. 14.11.2019
4. 26.02.2020

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	2
4.	Mr. Ramakrishna Gupta Vetsa*	Nominee Director	3
5.	Mr. Alok Gupta	Nominee Director	4
6.	Mr. Sudeep Gupta	Whole-time Director	4

Mr. Ramakrishna Gupta Vetsa was appointed with effect from 28th May, 2019 as Nominee Director of Bharat Petroleum Corporation Limited and has attended Meetings from 28th May, 2019.

Further As per para 2.2 of Secretarial Standard-1 issued by Institute of Company Secretaries of India, the Board has set the minimum number and frequency of Committee meetings.

Secretarial Standards

The Directors confirm that the Company is in compliance with applicable secretarial standards issued by Institute of Company Secretaries of India.

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.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, 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, 2020 and profit of the Company for that period;
(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 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.

Auditors & Auditors' Report

The Shareholders in their meeting held on 30th September, 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 13th AGM till the conclusion of the 18th AGM of the Company to be held in the year 2024.

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 held on 30th September, 2019.

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

As required under Section 134 of the Companies Act, 2013, the disclosures regarding Conservation of Energy, Research and Development, Technology Absorption are set out in the **Annexure A** included in this Report.

The details of Foreign Exchange Earnings and Outgo are set out in note no. 44 of the notes to standalone financial statements.

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.

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 arms 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.

Particulars of Loans, Guarantees or investments

Details of Loans, Guarantees and Investments covered under the provisions of the Section 186 of the Companies Act, 2013 are given in Notes to Financial statements.

Audit Committee

The Board has constituted Audit Committee under Section 177 of the Companies Act, 2013. As on 31st March, 2020 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 and the dates on which the meetings of the Audit Committee were held are:

1. 28.05.2019
2. 09.08.2019
3. 14.11.2019
4. 26.02.2020

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

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 30th September, 2019.

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. 2018-19. The Policy is available on the web site of the Company www.finopaytech.com.

As on 31st March, 2020 the Committee comprised of two Independent Directors and two Nominee Directors.

During the year under review, four (4) meetings of Nomination and Remuneration Committee were held and the date on which the meetings were held are:

1. 28.05.2019
2. 09.08.2019
3. 14.11.2019
4. 26.02.2020

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.	Mr. Ashok Kini	Chairman	4
2.	Dr. Anjana Grewal	Member	4
3.	Mr. Alok Gupta	Member	3
4.	Mr. Amit Jain	Member	3

Authorised Representative of the Committee was present at the Annual General Meeting held on 30th September, 2019.

Corporate Social Responsibility Committee

The Board has constituted Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 and adopted CSR policy formulated by the Committee.

During the year under review Mr. Ramakrishna Gupta Vetsa, Nominee Director of the Company was appointed as Member of the Corporate Social Responsibility Committee with effect from 28th May, 2019.

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

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. 2019-2020, accordingly the Company had not spent any amount towards CSR.

Further, for F.Y. 2020-2021 as well the Company do not have profit on an average of 3 preceding financial years therefore the Company is not required to spend any amount towards CSR expenditure.

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 28.05.2019.

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

Note: Mr. Ramakrishna Gupta Vetsa, attended the aforesaid Meeting as an Invitee.

Stakeholder Relationship Committee

The Board has constituted Stakeholder Relationship Committee under Section 178 of the Companies Act, 2013

As on 31st March, 2020 the Committee comprised of:

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 30th September, 2019.

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.

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.

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.

Additional disclosures

i) Financial highlights are given at the beginning of this report.

ii) Change in the nature of business, if any: None.

iii) The Company has not accepted any deposits during the year in accordance with Chapter V of the Companies Act, 2013.

iv) There are no significant and material orders passed by the regulators, courts or tribunals during the year impacting the going concern status and Company's operations in future.

v) There is no requirement to appoint Cost Auditor by the Company.

Disclosure for 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	:	65,48,500
c)	Options exercised	:	78,34,250
d)	Total number of shares arising as a result of exercise of options	:	78,34,250
e)	Options lapsed	:	70,72,750
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	:	85,56,000
j)	Employee-wise details of options Granted to-		
	i) Key Managerial Personnel (as on 31.03.2019)	:	1,05,000
	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

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 year 2019-20.

- 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 – 1
- Nature of action taken by the employer or District Officer – Not Applicable

Secretarial Audit Report and qualifications

M/s. D M & Associates, Company Secretaries, the Secretarial Auditor has conducted Secretarial audit for the financial year 2019-2020 as required under Section 204 of the Companies Act, 2013 and the report with qualification/observation is provided in **Annexure D** which is included in this report.

Following are the reply of management for the remark(s) given by the Secretarial Auditors in their report:

1. As on 31st March, 2020 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.

The Company exempted the presence of Secretarial Auditors in the AGM.

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

Internal Controls and their adequacy

The 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.

Extract of Annual Return

The details forming part of the extract of the annual return in Form MGT-9 is enclosed in **Annexure E**.

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.

Place: Navi Mumbai
Date: 28th May, 2020

For and on behalf of the Board of Directors

Sd/-
Ashok Kini
Non-Executive Chairman

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. expect 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

- 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 : 28th May, 2020

For and on behalf of the Board of Directors

Sd/-
Ashok Kini
Non-Executive Chairman

Annexure - B

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)

Sl 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.									
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 Payments Bank Limited. - Wholly-owned Subsidiary**	**Fino Payments Bank 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 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20	01 April 19 to 31 March 20
	(d)	**Salient terms of the contracts or arrangements or transactions including the value, if any:**	At Actual - Transaction value of Rs. 1,08,94,592/-	At Actual - Transaction value of Rs. 1,59,06,300/-	N.A.	At Actual - Transaction value of Rs. 85,09,976/-	N.A.	At Actual - Transaction value of Rs. 2,62,41,849/-	At Actual - Transaction value of Rs. 2,47,16,198/-	N.A.	N.A.	As per agreement - Transaction value of Rs. 57,99,670/-
	(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.
	(f)	**Amount paid as advances, if any:**	Nil	Nil	Nil	Nil	Nil	Nil		Nil	1,21,576.00	Nil

Place: Navi Mumbai
Date: 28th May, 2020

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

2. **The Composition of the CSR Committee as on March 31, 2020:**

   - Mr. Ashok Kini- Chairman

   - Dr. Anjana Grewal- Member

   - *Mr. Ramakrishna Gupta Vetsa– Member

   *Mr. Ramakrishna Gupta Vetsa, Nominee Director of the Company was appointed as Member of the Committee with effect from 28th May, 2019. He attended the Committee meeting held on 28th May, 2019 as an Invitee.

3. **Average net profit/loss of the company for last three financial years**: Rs-290.41 Lakhs

4. **Prescribed CSR Expenditure:** N.A.
   (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. 2019-20.

(Rs. In lakhs)

1	2	3	4	5	6	7	8
Sr. No	**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 Expenditures on projects or programs 2) Overheads**	**Cumulative Expenditure 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:**

   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. 2019-2020.

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: 28th May, 2020
Place: Navi Mumbai

Sd/-
Ashok Kini
Chairman of CSR Committee

Sd/-
Sudeep Gupta
Whole-time Director

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, 2020

To,
The Members,
FINO PAYTECH LIMITED
MindspaceJuinagar, 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, 2020, 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, 2020 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;
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 detailednotes 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.

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

We further report that during the audit period the following specific event(s) took place:

1. The Company commenced a new line of Business of "Cash Management Services" for this:
   a. The Board of Directors at their meeting held on May 28, 2019 approved the Commencement of Cash Management Services (CMS) Business;and
   b. Altered its Main Object clause of Memorandum of Association(MOA), by passing special resolution at its Annual General Meeting held on September 30, 2019, by Inserting new sub clause no.3B after the existing sub clause no. 3A of the MOA.
2. The Board of Directors at its meeting held on November 14, 2019 changed its registered office to Mindspace Juinagar, 9th Floor, Plot No. Gen 2/1/F, Tower 1,TTC Industrial Area, MIDC Shirwane, Juinagar, NaviMumbai ,Thane – 400706 w.e.f. November 14, 2019.

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:F005683B000266768
Place: Mumbai
Date: 21st May, 2020

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

ANNEXURE - I

To
The Members,
FINO PAYTECH LIMITED
MindspaceJuinagar, 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:F005683B000266768
Place: Mumbai
Date: 21st May, 2020

ANNEXURE E

Annexure to the Boards' Report

EXTRACT OF ANNUAL RETURN

Form No. MGT-9
as on the financial year ended on March 31, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration), Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U72900MH2006PLC162656
2.	Registration Date	15th June 2006
3.	Name of the Company	FINO PayTech Limited
4.	Category/Sub-category of the Company	Company limited by shares Indian non- Government Company
5.	Address of the Registered office & contact details	MindspaceJuinagar, 9thFloor, Plot No. Gen 2/1/F, Tower 1,TTC Industrial Area,MIDCShirwane,Juinagar,Navi Mumbai Thane – 400706 Tel:02271377100
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Adroit Corporate Services Pvt. Ltd., 17-20, Jafferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (E), Mumbai - 400059, Tel: 022-42270400. Fax: +91 (0)22 28503748, www.adroitcorporate.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Activities auxiliary to Financial service activities(to provide technology based solutions and services related to financial inclusion)	66190	97.07%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable section
1.	Fino Finance Private Limited (Formerly know as Intrepid Finance & Leasing Private Limited.	U65921MH1994PTC216496	Wholly-owned Subsidiary	100	2(87)
2.	FINO Trusteeship Services Limited	U67190MH2009PLC192391	Associate Company	49%	2(6)
3.	Fino Payments Bank Limited(Formerly known as FINO Fintech Limited).	U65100MH2007PLC171959	Wholly-owned Subsidiary	100	2(87)
4.	FINO Financial Services Private Limited	U67100MH2014PTC258273	Wholly-owned Subsidiary	100	2(87)

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

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1 April 2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	-								
(2) Foreign	-	-	-	-	-	-	-	-	-

a) NRI's - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	15332213	0	15332213	15.52	15332213	0	15332213	15.50	-0.02
c) Central Govt d) State Govt(s)	2250000	0	2250000	2.28	2250000	0	2250000	2.27	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-					
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
i-1) Corporate Body - Government	28435423	0	28435423	28.78	28435423	0	28435423	28.75	-0.04
Sub-total (B)(1):-	**46017636**	**0**	**46017636**	**46.58**	**46017636**	**0**	**46017636**	**46.53**	**-0.06**
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	18513842	0	18513842	18.74	18464447	0	18464447	18.67	-0.07
ii) Overseas	18460009	7512207	25972216	26.29	25972216	0	25972216	26.29	-0.03
b) Individuals									
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	2898494	48750	2947244	2.98	3175851	44250	3220101	3.26	0.27
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	4320231	54000	4374231	4.43	4184674	54000	4238674	4.29	-0.14
c) Any Other (Specify)									

c-1) Non Resident Indians (Individuals)	959693	0	959693	0.97	993038	0	993038	1.00	0.03
c-2) Trusts	1499	0	1499	0	1499	0	1499	0	0
Sub-Total (B)(2)	**45153768**	**7614957**	**52768725**	**53.42**	**52791725**	**98250**	**52889975**	**53.47**	**0.06**
Total Public Shareholding (B) = (B)(1) +(B)(2)	**91171404**	**7614957**	**98786361**	**100.00**	**98809361**	**98250**	**98907611**	**100.00**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**91171404**	**7614957**	**98786361**	**100.00**	**98809361**	**98250**	**98907611**	**100.00**	**0.00**

(ii) Shareholding of Promoter-

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	NO CHANGE	-			
	At the end of the year	-	-	-	-

FINO PAYTECH LIMITED

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	Name of shareholder	Shareholding at the beginning of the year		Date	Reason	Increase/ Decrease in shareholding		Cumulative Shareholding during the year	
		No of shares	% of total shares	-	-	No of shares	% of total shares	No of shares	% of total shares
1.	Bharat Petroleum Corporation Limited	28435423	28.78	-	No change	-	-		
					At the end of the year	-	-	28435423	28.75
2.	ICICI Prudential Life Insurance Company Limited	11328854	11.47	-	No change	-	-		
					At the end of the year	-	-	11328854	11.45
3.	Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	7512207	7.60	-	Change in the name	-	-	-	-
4.	Blackstone GPV Capital Partners (Mauritius)	7512207	7.60	-	No change	-	-		
					At the end of the year	-	-	7512207	7.60
5.	HAV 3 Holdings (Mauritius) Limited	7456993	7.55	-	No change	-	-		
					At the end of the year	-	-	7456993	7.55
6.	International Finance Corporation	6569567	6.65	-	No Change	-	-	-	-
					At the end of the year	-	-	6569567	6.65
7.	ICICI Bank Limited	57,50,000	5.82	-	No change	-	-		
					At the end of the year	-	-	5750000	5.82
8.	ICICI Lombard General Insurance Company Limited	5289194	5.35	-	No change	-	-		

					At the end of the year	-	-	5289194	5.35
9.	Intel Capital Corporation	4433449	4.49	-	No change	-	-	-	-
					At the end of the year	-	-	4433449	4.49
10.	Exide Life Insurance Company Limited	2832213	2.87	-	No change	-	-		
					At the end of the year	-	-	2832213	2.86
11	Life Insurance Corporation of India	22,50,000	2.28	-	No change	-	-		
					At the end of the year	-	-	22,50,000	2.27
12	Indian Bank	22,50,000	2.28	-	No change	-	-		
					At the end of the year	-	-	22,50,000	2.27
13	Union Bank of India	22,50,000	2.28	-	No change	-	-		
					At the end of the year	-	-	22,50,000	2.27
14	Corporation Bank	22,50,000	2.28	-	No change	-	-		
					At the end of the year	-	-	22,50,000	2.27

(v) Shareholding of Directors and Key Managerial Personnel:

Sr No	**Name of shareholder**	**Shareholding at the beginning of the year**		**Date**	**Reason**	**Increase/ Decrease in shareholding**		**Cumulative Shareholding during the year**	
		No of shares	**% of total shares**	-	-	**No of shares**	**% of total shares**	**No of shares**	**% of total shares**
1.	Sudeep Gupta	-	-	-	-	-	-	-	-
					At the end of the year	-	-	-	-
2.	Rishi Daultani – Chief Financial Officer till 07th October, 2019	-	-	-	-	-	-	-	-
					At the end of the year	-	-	-	-
3	BasavrajLoni – Company Secretary	-	-	-	-	-	-	-	-
					At the end of the year			-	-

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	24,08,58,765	4,40,00,000	-	28,48,58,765
ii) Interest due but not paid	-	24,40,614	-	24,40,614
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**24,08,58,765**	**4,64,43,614**	**-**	**28,72,99,379**
Change in Indebtedness during the financial year				
* Addition	-	57,99,670	-	57,99,670
* Reduction	19,35,49,795	5,22,40,284	-	24,57,90,080
Net Change	**(19,35,49,795)**	**(4,64,40,614)**	**-**	**(23,99,90,409)**
Indebtedness at the end of the financial year				
i) Principal Amount	4,73,08,970	-	-	4,73,08,970
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**4,73,08,970**	**-**	**-**	**4,73,08,970**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Whole-time Director	Total Amount
		Sudeep Gupta, Whole time Director	
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify…	-	-
5	Others	-	-
	Total (A)	**-**	**-**
	Ceiling as per the Act		

B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Names of Directors		Total Amount
1	Independent Directors	**Ashok Kini**	**AnjanaGrewal**	
	Fee for attending board committee meetings	4,50,000	4,50,000	9,00,000
	Commission	-	-	-
	Others, please specify	-	-	-
		-	-	-
	Total (1)	4,50,000	4,50,000	9,00,000
2	Other Non-Executive Directors	-	- -	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	**4,50,000**	**4,50,000**	**9,00,000**
	Total Managerial Remuneration			

Sl. No.	Particulars of Remuneration	Names of Directors		Total Amount
	Overall Ceiling as per the Act	**NA**	**NA**	**NA**

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO Rishi Daultanitill 07th October 2019	**Company Secretary BasavrajLoni**	
1	Gross salary	-	24,39,901	24,39,901
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	18,48,720	18,48,720
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	2,36,041	2,36,041
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others specify…	-	-	-
5	Others, please specify	-	3,55,140	3,55,140
	Total	**-**	**24,39,901**	**24,39,901**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			**NIL**		
Punishment					
Compounding					
B. DIRECTORS					

Penalty	NIL
Punishment	
Compounding	
C. OTHER OFFICERS IN DEFAULT	
Penalty	NIL
Punishment	
Compounding	

Place: Navi Mumbai
Date: 28th May, 2020

For and on behalf of the Board of Directors
Sd/-
Ashok Kini
Non-Executive Chairman

FINO PayTech Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2020

FINO PayTech Limited

Notes to the financial statements

for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Contents

MSKC & Associates
Chartered Accountants

Floor 3, Enterprise Centre, Nehru Road
Near Domestic Airport, Vile Parle (E)
Mumbai -400099
Tel: +91 22 3358 9800

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, 2020, 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, 2020, and its profit 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 45 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 is expected to be made available to us after the date of this auditor's report.

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

When we read the Director's report etc, 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 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 Matters

a. The standalone financial statements of the Company for the year ended March 31, 2019 and March 31, 2018, were audited by another auditor whose report dated May 28, 2019 and May 23, 2018 respectively, expressed an unmodified opinion on those statements.

b. We have restated the standalone financial statement of the Company for the financial year ended March 31, 2019 and March 31, 2018 to give impact of adjustments as referred in Note 34 of the standalone Financial Statements.

c. 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.

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 Flows 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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, 2020 on its financial position in its standalone financial statements – Refer Note 48 to the standalone financial statements.

   ii. The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company does not have any derivative contracts as at March 31, 2020.

   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: 20118580AAAABM1347

Mumbai
May 28, 2020

MSKC & Associates
Chartered Accountants

Floor 3, Enterprise Centre, Nehru Road
Near Domestic Airport, Vile Parle (E)
Mumbai -400099
Tel: +91 22 3358 9800

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, 2020

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' 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, 2020 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	5,838	June 18	15-Jul-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	8,961	July 18	15-Aug-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	8,966	August 18	15-Sep-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	3,631	September 18	15-Oct-18	Not yet paid	N.A.

Employees Provident Fund Organisation	Provident Fund	3,462	October 18	15-Nov-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	2,654	November 18	15-Dec-18	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	4,064	December 18	15-Jan-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	11,367	January 19	15-Feb-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	6,721	February 19	15-Mar-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	49,087	March 19	15-Apr-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	32,582	April 19	15-May-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	1,38,142	May 19	15-Jun-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	54,458	June 19	15-Jul-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	51,057	July 19	15-Aug-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	39,725	August 19	15-Sep-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	27,521	September 19	15-Oct-19	Not yet paid	N.A.
Employees Provident Fund Organisation	Provident Fund	5,192	October 19	15-Nov-19	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 Taxes	Professional Tax	22,051	July 16	30-Aug-16	Not yet paid	N.A.
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.

(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	102.2	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	79.9	2010-11	First Appeal	N.A.
Entry Tax Act	Sales Tax	158.02	2011-12	Additional Commissioner (Appeals)	N.A.
Bihar VAT	Sales Tax	4.1	2011-12	Commissioner (Appeals)	N.A.
CST Act	Sales Tax	125.32	2011-12	Commissioner (Appeals)	N.A.
UP VAT Act	Sales Tax	85.76	2012-13	Additional Commissioner (Appeals)	N.A.
CST Act	Sales Tax	55.81	2012-13	Commissioner (Appeals)	N.A.
UP VAT Act	Sales Tax	28.38	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 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.

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: 001595S

Sd/-

Tushar Kurani
Partner
Membership No. 118580
UDIN: 20118580AAAABM1347

Mumbai
May 28, 2020

MSKC
& Associates
Chartered Accountants

Floor 3, Enterprise Centre, Nehru Road
Near Domestic Airport, Vile Parle (E)
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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 Auditors' Report]

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

We have audited the internal financial controls with reference to standalone financial statements of FINO PayTech Limited ("the Company") as of March 31, 2020 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 auditors' 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, 2020, 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: 20118580AAAABM1347

Mumbai
May 28, 2020

FINO PayTech Limited

Balance Sheet

As at 31 March 2020

(Currency: Indian Rupees in lakhs)

	Notes	**31 March 2020**	31 March 2019 Restated	1 April 2018 Restated
I. ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	*2*	**497.15**	584.44	1,008.43
(b) Right-of-use assets	*37*	**1,166.47**	-	-
(c) Capital work-in-progress		**-**	11.20	6.45
(d) Other Intangible assets	*3*	**22.06**	33.32	287.75
(e) Financial assets				
(i) Investments	*4*	**59,174.05**	58,917.72	58,336.80
(ii) Loans	*5*	**72.03**	35.61	28.52
(iii) Other Financial assets	*6*	**440.93**	6.12	0.88
(f) Deferred tax assets (net)		**1,768.00**	1,768.00	3,138.90
(g) Tax assets (net)		**889.36**	1,124.46	1,342.99
(h) Other non-current assets	*7*	**350.00**	353.93	513.19
Total non-current assets		**64,380.05**	62,834.80	64,663.91
(2) Current assets				
(a) Inventories	*8*	**1,191.05**	1,942.92	1,789.98
(b) Financial assets				
(i) Trade receivables	*9*	**2,075.25**	1,306.60	2,381.29
(ii) Cash and cash equivalents	*10*	**816.12**	845.43	289.74
(iii) Bank balances other than (ii) above	*11*	**264.35**	314.46	510.40
(iv) Loans	*12*	**38.28**	19.61	18.91
(v) Other Financial assets	*13*	**31.35**	98.15	57.82
(c) Other current assets	*14*	**245.27**	307.68	613.35
Total current assets		**4,661.67**	4,834.85	5,661.49
TOTAL ASSETS		**69,041.72**	67,669.65	70,325.40
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	*15*	**9,890.76**	9,878.64	9,841.24
(b) Instruments entirely in nature of equity		**2,933.12**	2,933.12	2,933.12
(c) Other equity	*16*	**45,892.24**	44,789.63	45,190.45
Total equity		**58,716.12**	57,601.39	57,964.81
(2) Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Other financial liabilities	*17*	**1,085.51**	-	-
(b) Provisions	*18*	**107.04**	65.26	82.42
(c) Other non-current liabilities	*19*	**28.37**	6.37	8.50
Total non-current liabilities		**1,220.92**	71.63	90.92
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	*20*	**473.09**	2,298.59	3,860.05
(ii) Trade payables	*21*			
Due to micro and small enterprises		**-**	2.49	-
Due to other than micro and small enterprises		**1,388.53**	819.40	880.28
(iii) Other financial liabilities	*22*	**6,148.94**	5,895.03	6,393.89
(b) Other current liabilities	*23*	**329.19**	496.85	284.82
(c) Provisions	*24*	**591.09**	473.03	839.39
(d) Current tax liabilities (net)		**173.84**	11.24	11.24
Total current liabilities		**9,104.68**	9,996.63	12,269.67
Total liabilities		**10,325.60**	10,068.26	12,360.59
TOTAL EQUITY AND LIABILITIES		**69,041.72**	67,669.65	70,325.40

Notes to the financial statements ***1-51***

The accompanying notes to accounts form an integral part of the Condensed Interim 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 /-
Tushar Kurani
Partner
Membership Number : 118580

Sd /-
Ashok Kini
Non-Executive Chairman &
Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

Navi Mumbai
28 May 2020

FINO PayTech Limited

Statement of Profit and Loss

For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

Particulars	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue			
I. Revenue from operations (Gross of excise duty)	25	6,226.45	5,144.77
II. Other income	26	187.76	158.08
III. Total income (I + II)		6,414.21	5,302.85
Expenses			
Purchase of goods and services	27	2,774.88	3,476.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	573.80	(487.37)
Employee benefits expenses	29	917.58	680.35
Finance costs	30	204.45	504.73
Depreciation and amortization expenses	2,3	282.84	289.08
Other expenses	31	821.40	454.34
Total expenses (IV)		5,574.95	4,917.44
V. Profit / (Loss) before tax (III - IV)		839.26	385.41
VI. Tax expense:			
1. Current tax		33.28	-
2. Deferred tax		-	1,308.20
Total tax expenses (VI)		33.28	1,308.20
VII. Profit / (Loss) for the year (V - VI)		805.98	(922.79)
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefits		(38.03)	4.32
Change in fair value of FVOCI instrument		-	236.81
Income tax related to above items		-	(62.69)
Other comprehensive income (net of tax)		(38.03)	178.44
IX. Total comprehensive income for the year (VII + VIII)		767.95	(744.35)
X. Earnings per equity share			
1. Basic earnings per share		0.63	(0.72)
2. Diluted earnings per share		0.62	(0.72)
Notes to the financial statements	1-51		

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 /-
Tushar Kurani
Partner
Membership Number : 118580

Sd /-
Ashok Kini
Non-Executive Chairman & Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

Navi Mumbai
28 May 2020

FINO PayTech Limited

Statement of Changes in Equity
For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

(a) Equity share capital

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	98,786,361	9,878.64	98,412,361	9,841.24
Changes in equity share capital during the year	121,250	12.13	374,000	37.40
Balance at the end of the reporting period	98,907,611	9,890.77	98,786,361	9,878.64

(b) Instruments entirely in nature of equity

	As at 31 March 2020		As at 31 March 2019	
Share warrants	Number	Amount	Number	Amount
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
Fully convertible preference shares (Series A,B,C)	No. of Shares	Amount	No. of Shares	Amount
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
Total of instruments entirely in nature of equity	29,331,215	2,933.12	29,331,215	2,933.12

(c) Other equity

Particulars	Equity component of compound financial instruments	Reserves & Surplus			Equity investments through other comprehensive income	Total
		Retained Earnings	ESOP Reserve	Securities Premium		
Balance at 31 March 2018	209.68	(7,423.07)	360.77	57,609.69	-	50,757.07
Correction of error (Refer note no. 34)						
Preference dividend	-	(5,566.62)	-	-	-	(5,566.62)
Share warrants	(209.68)	209.68	-	-	-	-
Restated Balance at 1 April 2018	0.00	(12,780.01)	360.77	57,609.69	-	45,190.45
Total comprehensive income for the year ended 31 March 2019						-
Loss for the year	-	(922.79)	-	-	-	(922.79)
Other comprehensive income (net of tax)						
- Remeasurements of defined benefit liability / (asset)	-	3.20	-	-	-	3.20
- Equity investments through other comprehensive income - net change in fair value	-	-	-	-	175.24	175.24
Total comprehensive income	-	(919.59)	-	-	175.24	(744.35)
						-
ESOP expense recognised under fair value approach	-	-	42.95	-	-	42.95
Deemed investment in subsidiary recognised through retained earnings	-	-	96.11	-	-	96.11
Premium on issue of equity shares	-	-	(8.92)	213.39	-	204.47
Effect of options lapsed after vesting	-	1.21	(1.21)	-	-	-
Restated Balance as at 31 March 2019	0.00	(13,698.39)	489.70	57,823.08	175.24	44,789.63
Total comprehensive income for the period ended 31 March 2020						
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	-	-	-	-	-	-
Total comprehensive income	-	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)	-	-	-
Balance as at 31 March 2020	0.00	(12,923.60)	737.70	57,902.90	175.24	45,892.24

FINO PayTech Limited

Statement of Changes in Equity *(Continued)*

For the year ended 31 March 2020

(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 comprehensiveincome (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 1-51

The accompanying notes to accounts form an integral part of the Condensed Interim 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

Sd /-
Tushar Kurani
Partner
Membership Number : 118580

Navi Mumbai
28 May 2020

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

Sd /-
Ashok Kini
Non-Executive Chairman &
Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

FINO PayTech Limited

Statement of cash flows

For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash flows from operating activities		
Profit for the year	**839.26**	385.41
Profit before tax	**839.26**	385.41
Adjustments for :		
Depreciation / amortisation	**282.84**	289.08
Profit / (loss) on sale of fixed assets	**(11.36)**	(35.26)
ESOP expense	**10.22**	42.95
Provision for doubtful debts and assets	**151.11**	(246.74)
Interest expense	**204.45**	502.25
Interest income	**(130.60)**	(76.30)
Operating profit before working capital changes	**1,345.92**	861.39
Working capital adjustments:		
(Increase) in non-current financial assets - loans	**(73.31)**	(7.09)
(Increase) / decrease in non-current financial assets - Others	**(434.81)**	4.57
Decrease in other non-current assets	**3.93**	159.25
Decrease / (increase) in inventories	**751.87**	(487.38)
(Increase) / decrease in trade receivables	**(408.31)**	1,633.10
(Increase) in current financial assets - loans	**(39.56)**	(0.70)
Decrease / (increase) in other current financial assets	**66.87**	(40.33)
Decrease in other current assets	**62.41**	305.67
Increase / (decrease) in other non-current liabilities	**22.00**	(2.13)
Increase / (decrease) in trade payables	**566.64**	(58.39)
Increase / (decrease) in other current financial liabilities	**253.91**	(498.86)
(Decrease) / increase in other current liabilities	**(167.65)**	177.68
(Decrease) in provisions	**(331.94)**	(331.88)
Cash generated from operating activities	**1,617.97**	1,714.90
Income tax paid / (refund)	**364.43**	218.53
Net Cash generated from operating activities (A)	**1,982.40**	1,933.43
B. Cash flows from investing activities		
Acquisition of property, plant and equipment/CWIP	**(115.15)**	(37.53)
Proceeds from sale of property, plant and equipment	**33.22**	289.38
Acquisition of computer software	**(5.00)**	(11.62)
Proceeds from sale of computer software	**-**	179.63
Proceeds from fixed deposits	**50.11**	195.94
Acquisition of non-current investments	**(0.01)**	(250.55)
Right of use asset	**(155.76)**	-
Proceeds from sale of non-current investments	**-**	2.55
Interest received	**130.60**	76.30
Net cash (used in) / generated from investing activities (B)	**(61.99)**	444.10

FINO PayTech Limited

Statement of cash flows
For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

	Year ended 31 March 2020	Year ended 31 March 2019
C. Cash flows from financing activities		
Proceeds from issue of equity share capital	**80.23**	241.87
Share warrants converted into share capital		
Proceeds from non current borrowings	**-**	-
Repayment of short-term borrowings	**(1,825.50)**	(1,561.46)
Proceeds from short-term borrowings		
Interest paid	**(204.45)**	(502.25)
Net cash (used in) financing activities (C)	**(1,949.72)**	(1,821.84)
Net (Decrease) / increase in cash and cash equivalents (A + B + C)	**(29.31)**	555.69
Cash and cash equivalents at the beginning of the year	**845.43**	289.74
Cash and cash equivalents at the end of the year	**816.12**	845.43
Cash and cash equivalents		
Cash on hand and balances with banks	**816.12**	845.43
Other bank balances	**-**	-
Cash and cash equivalents	**816.12**	845.43

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

Sd /-
Tushar Kurani
Partner
Membership Number : 118580

Navi Mumbai
28 May 2020

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

Sd /-
Ashok Kini
Non-Executive Chairman &
Independent Director

Sd /-
Sudeep Gupta
Whole-time Director

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

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.

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.

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 35.

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.

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.

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.

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.

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

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.

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.

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.

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.

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 balance up to 15 days are encashed at the end of financial year on the basic salary. Encashment of more than 15 days of leave is not permitted. Leave balance over 15 days will lapse at the end of the financial year. The obligation is measured on the basis of an annual independent actuarial valuation.

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

Accounting policy applicable from 1 April 2019

The Company has applied Ind AS 116 Leases from the accounting periods beginning from 1 April 2019 using the modified retrospective approach. Accordingly, the comparative information for the year ended 31 March 2019 has not been restated and continues to be reported under Ind AS 17 and relevant appendices.

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.

This policy is applied to contracts entered into, or modified, on or after 1 April 2019.

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.

1.2.16 Leases *(Continued)*

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.

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.

1.2.16 Leases *(Continued)*

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.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Under Ind AS 17

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Assets held under other leases were classified as operating leases and were not recognized in the Company's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

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).

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.

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.

1.2.23 Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1 April 2020.

FINO PayTech Limited

Notes to the financial statements *(Continued)*

As at 31 March 2020

Currency: Indian Rupees in lakhs

2 Property, plant and equipment

A. Reconciliation of carrying amount

	Owned Assets						
PARTICULARS	**Leasehold improvements**	**Computers/ hardware**	**Plant and Equipment**	**Furniture and Fixtures**	**Vehicles**	**Office Equipment**	**Total**
Year ended 31 March 2019							
Gross block							
Opening gross block	306.00	1,779.42	580.17	30.50	14.61	304.38	3,015.08
Effect of movement in exchange rates	-	-	-	-	-	-	-
Additions	-	32.09	-	-	-	0.69	32.78
Disposals	-	(801.99)	-	-	-	-	(801.99)
Closing gross block	306.00	1,009.52	580.17	30.50	14.61	305.07	2,245.87
Accumulated depreciation							
Opening accumulated depreciation	130.41	1,240.40	407.42	20.89	10.15	197.38	2,006.65
Depreciation charge during the year	47.58	107.37	3.44	1.72	4.05	38.50	202.66
Disposals	-	(547.88)	-	-	-	-	(547.88)
Closing accumulated depreciation	177.99	799.89	410.86	22.61	14.20	235.88	1,661.43
							-
Net Block	128.01	209.63	169.31	7.89	0.41	69.19	584.44
Year ended 31 March 2020							
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)**
Closing gross block	**323.39**	**1,078.11**	**466.55**	**41.62**	**14.61**	**275.73**	**2,200.01**
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)**
Closing accumulated depreciation	**280.62**	**836.30**	**307.26**	**31.58**	**14.28**	**232.82**	**1,702.86**
Net block	**42.77**	**241.81**	**159.29**	**10.04**	**0.33**	**42.91**	**497.15**

FINO PayTech Limited

Notes to the financial statements *(Continued)*

As at 31 March 2020

Currency: Indian Rupees in lakhs

3 Other intangible assets

PARTICULARS	GROSS BLOCK				ACCUMULATED AMORTIZATION				NET BLOCK	
	Balance as at 1 April 2019	**Additions**	**Disposals**	**Balance as at 31 March 2020**	**Balance as at 1 April 2019**	**Charge for the year**	**Eliminated on disposal of assets**	**Balance as at 31 March 2020**	**Balance as at 31 March 2020**	**Balance as at 31 March 2019**
Computer Software	**651.12**	**5.00**	**-**	**656.12**	**617.80**	**16.26**	**-**	**634.06**	**22.06**	**33.32**
TOTAL	**651.12**	**5.00**	**-**	**656.12**	**617.80**	**16.26**	**-**	**634.06**	**22.06**	**33.32**

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Charge for the year	Eliminated on disposal of assets	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 1 April 2018
Computer Software	906.11	11.62	(266.61)	651.12	618.36	86.42	(86.98)	617.80	33.32	287.75
TOTAL	906.11	11.62	(266.61)	651.12	618.36	86.42	(86.98)	617.80	33.32	287.75

Currency: Indian Rupees in lakhs

		31 March 2020	31 March 2019
4	**Non-current investments**		
	Investments in subsidiary companies - equity instruments		
	Unquoted Investments carried at cost		
	24,500 (31 March 2019 : 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 2019 : 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 2019 : 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 2019 : 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	**(2.45)**	(2.45)
	Investment carried at fair value through other comprehensive income (FVTOCI)- equity instruments		
	3,030 (31 March 2019 : 3030) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	**484.80**	484.80
	Deemed investment in subsidiary		
	Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	**221.66**	208.12
	Fino Payments Bank Limited (Formerly known as Fino Fintech Limited)	**625.80**	383.01
	Total	**59,174.05**	58,917.72
	(a) Aggregate amount of unquoted investments	**59,176.50**	58,920.17
	(b) Aggregate amount of impairment in value of investments	**(2.45)**	(2.45)
5	**Loans**		
	Unsecured, considered good		
	Security deposits	**72.03**	35.61
	Unsecured, considered doubtful		
	Security deposits	**131.47**	94.58
	Less: Allowance for doubtful deposit	**(131.47)**	(94.58)
	Total	**72.03**	35.61
6	**Other financial assets**		
	Deposits with banks (maturing after 12 months from the reporting date)*	**441.02**	6.12
	Less: Allowance for bank balances other than cash and cash equivalents	**(0.09)**	-
	Total	**440.93**	6.12

* Represents deposits of Rs. 28.60 lakhs (Previous year Rs. 0.85 lakhs) provided against the pending litigations under Value Added Tax Act and sales tax registration purpose.

FINO PayTech Limited

Notes to the financial statements *(Continued)*

As at 31 March 2020

Currency: Indian Rupees in lakhs

		31 March 2020	31 March 2019
7	**Other non-current assets**		
	Deposits with Government Authorities	**329.36**	329.36
	Balances with Government Authorities	**-**	-
	Prepaid expenses	**20.64**	24.57
	Total	**350.00**	353.93
8	**Inventories**		
	Work-in-progress	**-**	-
	Stock-in-trade*	**3,341.49**	3,915.29
	Less : Impairment of inventories	**(2,150.44)**	(1,972.37)
	Total	**1,191.05**	1,942.92

*Inventories are valued at lower of cost or net realisable value.

		31 March 2020	31 March 2019
9	**Trade receivables**		
	Trade receivables		
	Unsecured considered good	**2,075.25**	1,306.60
	Unsecured, considered doubtful	**2,192.30**	2,552.64
	Less: Allowance for doubtful debts	**(2,192.30)**	(2,552.64)
	Total	**2,075.25**	1,306.60
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer Note 40)	**520.91**	15.07
	Less: Allowance for doubtful debts	**-**	-
	Total	**520.91**	15.07
10	**Cash and cash equivalents**		
	a. Balance with banks :		
	In current account	**144.50**	770.06
	In escrow account	**-**	74.42
	In deposits with original maturity of less than 3 months	**670.59**	-
	b. Cash on hand	**1.06**	1.11
	Less: Allowance for cash and cash equivalents	**(0.03)**	(0.16)
	Total	**816.12**	845.43

Currency: Indian Rupees in lakhs

		31 March 2020	31 March 2019
11	**Bank balances other than cash and cash equivalents**		
	Other bank balances*	**50.17**	50.17
	Deposits with banks**	**214.23**	264.34
	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	**(0.05)**	(0.05)
	Total	**264.35**	314.46

*Represents bank balance on account of corresponding creditors
** Represents deposits of Rs. 190.12 lakhs (Previous year Rs. 52.35 lakhs) provided against the pending litigations under Value Added Tax Act and other matters.

		31 March 2020	31 March 2019
12	**Loans**		
	Unsecured, considered good		
	Loans to related parties (Refer note 40)	**2.24**	2.18
	Loans to employees/contractual staff	**5.95**	15.78
	Security deposits	**30.09**	1.65
	Unsecured, considered doubtful		
	Security deposits	**22.55**	1.66
	Less: Allowance for doubtful deposit	**(22.55)**	(1.66)
	Total	**38.28**	19.61
13	**Other financial assets**		
	Unsecured, considered good		
	Others	**31.35**	98.15
	Unsecured, considered doubtful		
	Others	**-**	0.02
	Less: Allowance for other financial assets	**-**	(0.02)
	Total	**31.35**	98.15
14	**Other current assets**		
	Unsecured, considered good		
	Prepaid expenses	**85.22**	71.19
	Advances to employees	**22.69**	82.72
	Advance to supplier for goods / services	**137.36**	153.77
	Total	**245.27**	307.68

Currency: Indian Rupees in lakhs

15 Share capital

		31 March 2020	31 March 2019
a	**Authorised :**		
	Equity shares of INR 10 each 120,000,000 (31 March 2019 : 120,000,000) Equity shares	**12,000.00**	12,000.00
	Fully convertible Preference shares of INR 10 each 50,000,000 (31 March 2019 : 50,000,000) Preference shares	**5,000.00**	5,000.00
	Total	**17,000.00**	17,000.00
b	**Issued and subscribed and paid up:**		
	98,907,611 (31 March 2019 : 98,786,361) Equity shares fully paid up	**9,890.76**	9,878.64
	2,643,210 (31 March 2019 : 2,643,210) 9.00% Fully convertible preference shares of class - A fully paid up	**264.32**	264.32
	9,919,694 (31 March 2019 : 9,919,694) 0.005% Fully convertible preference shares of class - B fully paid up	**991.97**	991.97
	11,268,311 (31 March 2019 : 11,268,311) 12.00% Fully convertible preference shares of class - C fully paid up	**1,126.83**	1,126.83
	Total	**12,273.88**	12,261.76
c	**Reconciliation of number of shares outstanding at the beginning and end of the year :**		
	Equity share :		
	Outstanding at the beginning of the year	**98,786,361**	98,412,361
	Equity shares issued during the year pursuant to exercise of ESOPs	**121,250**	374,000
	Outstanding at the end of the year	**98,907,611**	98,786,361
	Preference share :		
	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	**23,831,215**	23,831,215

d Terms / rights attached to each classes of shares

1. Rights, preferences and restrictions attached

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.

Currency: Indian Rupees in lakhs

15 Share capital *(Continued)*

e **Shareholders holding more than 5% shares in the company is set out below:**

Equity share	**31 March 2020**		31 March 2019	
	No. of Shares	**% holding %**	No. of Shares	% holding %
Bharat Petroleum Corporation Limited	**28,435,423**	**28.75%**	28,435,423	28.78%
ICICI Prudential Life Insurance Company Ltd.	**11,328,854**	**11.45%**	11,328,854	11.47%
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	**7,512,207**	**7.60%**	7,512,207	7.60%
HAV 3 Holdings (Mauritius) Limited	**7,456,993**	**7.54%**	7,456,993	7.55%
International Finance Corporation	**6,569,567**	**6.64%**	6,569,567	6.65%
ICICI Bank Limited	**5,750,000**	**5.81%**	5,750,000	5.82%
ICICI Lombard General Insurance Company Limited	**5,289,194**	**5.35%**	5,289,194	5.35%

Fully convertible preference shares	**31 March 2020**		31 March 2019	
	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 (Mauritius) Limited	**2,660,564**	**11.16%**	2,660,564	11.16%

f **Shares reserved for issuance under Stock Option Plans of the Company**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, 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 INR 37, INR 48.44 and INR 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 and ICICI Lombard General Insurance Company Limited. Each warrant is convertible into 1 equity share at the rate of Rs. 10 each. The exercise of outstanding warrants shall be in accordance with the provisions of Articles 194.

i Shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by its subsidiaries or associates of the holding company or the ultimate holding company in aggregate.

There is no holding/ultimate holding company of Fino Paytech Limited.

j 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 (Previous Year : Nil).

Currency: Indian Rupees in lakhs

16 Other equity

	31 March 2020	31 March 2019
Reserves and Surplus		
Securities premium	**57,902.90**	57,823.08
Fully convertible preference shares	**-**	-
Share warrants in the nature of equity	**-**	-
Share based payments reserves	**737.70**	489.70
Retained earnings	**(12,923.60)**	(13,698.39)
Equity investments through other comprehensive income	**175.24**	175.24
Total	**45,892.24**	44,789.63
Securities premium		
Opening balance	**57,823.08**	57,609.69
Additions during the year	**79.82**	213.39
Closing balance	**57,902.90**	57,823.08
Fully convertible preference shares		
Opening balance	**-**	-
Conversions during the year	**-**	-
Closing balance	**-**	-
Share warrants in the nature of equity		
Opening balance	**-**	-
Additions during the year		
Closing balance	**-**	-
Share based payments reserve		
Opening balance	**489.70**	360.77
Additions during the year	**248.00**	128.93
Closing balance	**737.70**	489.70
Retained earnings		
Opening balance	**(13,698.39)**	(12,780.01)
Net profit (loss) for the year	**805.98**	(922.79)
Other comprehensive income	**(38.03)**	3.20
ESOP options lapsed	**6.84**	1.21
Closing balance	**(12,923.60)**	(13,698.39)
Equity investments through other comprehensive		
Opening balance	**175.24**	-
Net profit/(loss) for the year	**-**	175.24
Closing balance	**175.24**	175.24
	45,892.24	44,789.63

FINO PayTech Limited

Notes to the financial statements *(Continued)*

As at 31 March 2020

Currency: Indian Rupees in lakhs

		31 March 2020	31 March 2019
17	**Non-current financial liabilities - Other Financials Liabilities**		
	Lease liability	**1,085.51**	-
	Total	**1,085.51**	
18	**Non-current liabilities - Provisions**		
	Provision for employee benefits		
	Gratuity [Refer note 36]	**54.91**	14.93
	Compensated absences [Refer note 36]	**4.10**	2.30
	Other provision		
	Provision for litigation*	**48.03**	48.03
	Total	**107.04**	65.26

* 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. The Company has been contesting this claim and is of the view that the demand in excess of INR 48.03 lakhs was not tenable. Hence, the Company has created a provision of INR 48.03 lakhs towards the obligation. Currently, the Commissioner Appeals has remanded the case back to the Assessing Officer for fresh hearing.

		31 March 2020	31 March 2019
19	**Other non-current liabilities**		
	Contract liabilities (Refer Note 23)	**28.37**	6.37
	Total	**28.37**	6.37
20	**Financial liabilities - Borrowings**		
	Secured		
	Loans from banks*	**473.09**	1,858.59
	Unsecured		
	Liability component of compound financial instrument	**-**	-
	Unsecured		
	Loans from related parties (Refer note 40)	**-**	440.00
	Total	**473.09**	2,298.59

*Overdraft facility is from Industrial Development Bank of India at the rate of 8.65 % p.a. Cash credits are from Yes bank limited and Punjab national bank at the rate of 12.65% p.a. and 13.45% p.a. respectively and same are secured against trade receivables and inventories of the Company.

Currency: Indian Rupees in lakhs

		31 March 2020	31 March 2019
21	**Trade payables**		
	Dues to micro and small enterprises (Refer note 43)	**-**	2.49
	Dues to other than micro and small enterprises	**1,388.53**	819.40
	Total	**1,388.53**	821.89

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 2020, to micro and small enterprises on account of principal or interest.

		31 March 2020	31 March 2019
22	**Other current financial liabilities**		
	Interest accrued but not due on borrowings	**3.03**	24.42
	Unpaid dividends	**5,566.62**	5,566.62
	Security deposits collected from agents	**46.90**	2.69
	Other payables (Refer note 40)	**451.75**	301.30
	Lease liability	**80.64**	-
	Total	**6,148.94**	5,895.03
23	**Other current liabilities**		
	Advances from customers	**170.78**	247.49
	Statutory dues payable	**118.36**	114.25
	Contract liabilities	**24.83**	5.18
	Other current liabilities	**15.22**	129.93
	Total	**329.19**	496.85
24	**Current liabilities - Provisions**		
	Provision for employee benefits		
	Gratuity [Refer note 36]	**3.21**	3.47
	Bonus payable	**23.29**	19.05
	Compensated absences [Refer note 36]	**0.54**	0.61
	Other provisions :		
	Provision for expected loss on first loss default guarantee	**564.05**	449.90
	Total	**591.09**	473.03

Currency: Indian Rupees in lakhs

		Year ended 31 March 2020	Year ended 31 March 2019
25	**Revenue from operations**		
	Sales of products and services		
	Sale of products	**2,314.63**	2,855.06
	Core banking solution Services, enrollment income and other services	**3,911.82**	2,289.71
	Total	**6,226.45**	5,144.77
26	**Other income**		
	Interest received on financial assets carried at amortised cost		
	- Deposits with banks	**44.00**	31.68
	- Others	**86.60**	44.63
	Profit / (loss) on disposal of property, plant and equipment	**11.36**	35.26
	Miscellaneous income, net	**45.80**	46.51
	Total	**187.76**	158.08
27	**Purchase of goods and services**		
	Purchase of goods - cards and devices	**881.52**	2,461.22
	Enrollment expenses	**1,217.87**	513.15
	Other direct cost	**675.49**	501.94
	Total	**2,774.88**	3,476.31
28	**Changes in inventories of finished goods, work-in-progress and stock-in-trade**		
	Opening stock :		
	Traded goods	**3,915.29**	3,427.92
	Work-in-progress	-	136.08
	Closing stock:		
	Traded goods	**3,341.49**	3,915.29
	Work-in-progress	-	-
	Changes in inventories:		
	Changes in inventories of stock-in-trade and work-in-progress		
	Traded goods	**573.80**	(487.37)
	Work-in-progress	-	136.08
	Less : Provision	-	(136.08)
	Total	**573.80**	(487.37)

FINO PayTech Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

		Year ended 31 March 2020	Year ended 31 March 2019
29	**Employee benefit expense**		
	Salaries, wages and bonus	**834.43**	557.58
	Contribution to provident fund and other funds	**37.25**	42.82
	Share based expense	**10.23**	42.95
	Staff welfare expenses	**35.67**	37.00
	Total	**917.58**	680.35
30	**Finance costs**		
	Interest on borrowings	**123.53**	502.25
	Other borrowing costs	**-**	2.48
	Interest on lease liability	**80.92**	-
	Total	**204.45**	504.73
31	**Other expenses**		
	Repairs and maintenance	**42.56**	115.62
	Rent	**-**	52.55
	Rates and taxes	**-**	31.12
	Insurance	**41.68**	72.91
	Bank charges	**45.26**	58.92
	Power and fuel	**25.76**	2.43
	Communication	**20.71**	65.23
	Travelling and conveyance	**30.10**	29.57
	Legal and professional	**355.76**	134.89
	Stationery and printing	**2.24**	10.73
	Directors sitting fees	**9.89**	13.00
	Payment to auditors		
	- Statutory audit	**24.00**	31.29
	- Reimbursement of expenses	**-**	1.89
	Provisions / (write back) for doubtful trade receivables and inventory	**151.11**	(246.74)
	Corporate social responsibility (CSR) (Refer note 46)	**-**	-
	Advertisement, publicity and sales promotion expenses	**0.22**	0.98
	Miscellaneous expenses	**72.11**	79.95
	Total	**821.40**	454.34

FINO PayTech Limited

Notes to the financial statements *(Continued)*
For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

32 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.

	Carrying amount			Fair value			
31 March 2020	**Amortised Cost**	**Fair value through other comprehensive income**	**Total**	**Level 1**	**Level 2**	**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							
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
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	2.24		2.24	-	-	-	2.24
Other current financial assets	31.35		31.35	-	-	-	31.35
	3,738.31	484.80	4,223.11	-	-	1,011.57	4,236.92
Non-current financial liabilities							
Lease liability	1,085.51		1,085.51	-	-	1,085.51	1,085.51
Current financial liabilities							
Current borrowings	473.09		473.09	-	-	-	473.09
Trade payables	1,388.53		1,388.53	-	-	-	1,388.53
Other current financial liabilities	6,148.94		6,148.94	-	-	-	6,148.94
	9,096.07	-	9,096.07	-	-	1,085.51	9,096.07

FINO PayTech Limited

Notes to the financial statements *(Continued)*
For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

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

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

	Carrying amount			Fair value			
31 March 2019	Amortised Cost	Fair value through other comprehensive income	Total	Level 1	Level 2	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							
Non current financial assets							
Loans							
- Security deposits	35.61		35.61	-	-	35.40	35.40
Current financial assets							
Trade receivables	1,306.60		1,306.60	-	-	-	1,306.60
Cash and cash equivalents	845.43		845.43	-	-	-	845.43
Other bank balances	320.58		320.58	-	-	-	320.58
Loans				-	-		-
- Security deposits	-		-	-	-	-	-
- Loans to employees	15.78		15.78	-	-	-	15.78
- Loans to related parties	2.18		2.18	-	-	-	2.18
Other current financial assets	98.15		98.15	-	-	-	98.15
	2,624.33	484.80	3,109.13	-	-	520.20	3,108.92
Financial liabilities measured at amortised cost							
Short term borrowings	2,298.59		2,298.59	-	-	-	2,298.59
Trade payables	821.89		821.89	-	-	-	821.89
Other current financial liabilities	5,895.03		5,895.03	-	-	-	5,895.03
	9,015.51	-	9,015.51	-	-	-	9,015.51

(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

Currency: Indian Rupees in lakhs

32 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 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)**

	31 March 2019			
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.

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 a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

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

Currency: Indian Rupees in lakhs

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

C. Financial risk management *(Continued)*

II. Ageing of trade receivables

Gross Trade receivables	31 March 2020	31 March 2019
Less Than 180 days	**1,834.18**	736.06
More than 180 days	**2,433.37**	3,123.18
Closing balance	**4,267.55**	3,859.24

III. Loss allowance

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

Trade receivables	31 March 2020	31 March 2019
Opening balance	**2,552.64**	3,111.05
Net Impairment loss recognised	**-**	-
Balance written back	**(360.34)**	(558.41)
Closing balance	**2,192.30**	2,552.64

First Loss Default Guarantee*	31 March 2020	31 March 2019
Opening balance	**449.90**	748.62
Net Impairment loss recognised	**114.15**	-
Balance written back		(298.72)
Closing balance	**564.05**	449.90

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

Other advances	31 March 2020	31 March 2019
Opening balance	**96.24**	402.69
Net Impairment loss recognised	**57.78**	-
Balance written back	**-**	(306.45)
Closing balance	**154.02**	96.24

Notes to the financial statements *(Continued)*
For the year ended 31 March 2020

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.

		Contractual cash flows					
31 March 2020	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
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**	**-**	**-**	**-**	**-**

		Contractual cash flows					
31 March 2019	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Borrowings:							
Working capital loans from banks	1,858.59	1,858.59	1,858.59	-	-	-	-
Loans from related parties	440.00	440.00	440.00	-	-	-	-
Trade and other payables	821.89	821.89	821.89	-	-	-	-
Other current financial liabilities	5,895.03	5,895.03	5,895.03	-	-	-	-

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 2020 and 31 March 2019 are as below:

	31 March 2020 USD	**31 March 2020 EURO**	**31 March 2020 BDT**
Financial assets			
Cash and cash equivalents	**0.17**	**0.59**	**-**
Trade and other receivables	-	-	-
	0.17	**0.59**	**-**
Financial liabilities			
Trade and other payables	-	-	-
	-	-	-

	31 March 2019 USD	31 March 2019 EURO	31 March 2019 BDT
Financial assets			
Cash and cash equivalents	0.15	0.55	-
Trade and other receivables	19.51	-	6.19
	19.66	0.55	6.19
Financial liabilities			
Trade and other payables	-	-	-
	-	-	-

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

	Year-end spot rate	
INR	**31 March 2020**	31 March 2019
USD 1	**75.37**	69.17
EUR 1	**83.08**	77.70
BDT 1	-	0.83

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**
31 March 2020				
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)**

	Profit / (loss)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD - 1% Movement	0.20	(0.20)	0.15	(0.15)
EUR - 1% Movement	0.01	(0.01)	0.00	(0.00)
BDT - 1% Movement	0.06	(0.06)	0.05	(0.05)
	0.27	(0.27)	0.20	(0.20)

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 2020	31 March 2019
Borrowings		
Fixed rate borrowings	**-**	440.00
Variable rate borrowings	**473.09**	1,858.59
Total borrowings	**473.09**	2,298.59

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**
31 March 2020				
Variable-rate instruments	**(4.73)**	**4.73**	**(3.50)**	**3.50**
Cash flow sensitivity	**(4.73)**	**4.73**	**(3.50)**	**3.50**
31 March 2019				
Variable-rate instruments	(18.59)	18.59	(13.75)	13.75
Cash flow sensitivity	(18.59)	18.59	(13.75)	13.75

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.

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 and other bank deposits. Equity comprises all components of equity.

	31 March 2020	31 March 2019
Total liabilities	**10,325.60**	10,068.26
Gross debt	**10,325.60**	10,068.26
Less - Cash and cash equivalents	**(816.12)**	(845.43)
Less - Other bank deposits	**(264.35)**	(314.46)
Adjusted net debt	**9,245.13**	8,908.37
Total equity	**58,716.12**	57,601.39
Adjusted net debt to equity ratio	**0.16**	0.15

34 Restatement of financial statements

The Company has restated the financials of 31 March 2019 & 1 April 2018 in order to consider the effects of the below mentioned adjustments

1. Cumulative Preference Dividend

The Company has issued Series A, Series B and Series C Preference shares to three different parties. The parties agreed that, aggregate accrued dividend in the amounts of INR 1,959.38 lakhs, INR 2.30 lakhs and INR 3,604.93 lakhs are currently payable by the Company to the Series A Investors, Series B Investors and Series C Investors, respectively (Past Dividend Amount).

The parties agree that the Past Dividend Amounts shall be paid in accordance with applicable Laws after the Effective Date as and when the Company has sufficient funds to make such payment, whether in full or in part, and each of the parties hereby agrees to exercise all of its voting rights, and to cause its nominated Directors to vote, in favour of such payment. The parties further agree that 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. On and from the Effective Date,

(i) 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

(ii) the Company shall not, after full payment of Past Dividend Amounts, declare any dividend that is payable only to a select class of Shareholders.

Past Dividend Amount was wrongly disclosed as contingent liability in the financial statements. However, considering the facts provided above, such Past Dividend Amount shall be accounted for as a financial liability and initially measured at fair value. Subsequently it shall be classified under amortised cost for its subsequent measurement. The Company has identified this adjustment as a prior period error and restated the financial statements to rectify the error by providing a balance sheet as at the opening date of earliest comparative period presented i.e. 1 April 2018.

Impact of Financial Statements

Total impact of measuring Past Dividend Amount liability at fair value on retained earnings as on 1 April 2018 is INR 5,566.65 lakhs by creating a financial liability of equivalent amount.

2. Share warrants

Two parties held warrants that entitled them to convert each warrant into one Equity Share at an exercise price of Rs. 10 (Rupees Ten) per share at their option (convertible instrument). Parties agree that notwithstanding anything contained in the Articles of Association, in the event the Company is proposing to undertake an IPO, parties shall, upon notice by the Company, exercise the Warrants before the date of filing of the red herring prospectus of the Company or such other date ("Expiry Date") by which all convertible instruments are required to be converted pursuant to applicable regulations, or allow such warrants to lapse/expire on the Expiry Date.

Such Share warrants are convertible in to fixed number of equity instruments at the option of the parties either at any time before 'IPO' or 'Expiry date' upon notice given by the Company and thus contains only equity feature. However, those have been wrongly classified as compound financial instruments and presented at fair value of liability with market rate of interest with residual portion in equity.

Impact on Financial Statements

The Company has identified this adjustment as a prior period error and restated the financial statements to rectify the error by providing a balance sheet as at the opening date of earliest comparative period presented i.e. 1 April 2018. Total positive impact of classifying the amount liability to other equity as on 1 April 2018 is INR 550 lakhs.

The above errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance sheet (extract)	31 March 2019 (As originally presented)	Increase/ (Decrease)	31 March 2019 (Restated)	31 March 2018 (As originally presented)	Increase/ (Decrease)	1 April 2018 (Restated)
Financial Liabilities - Current						
Borrowings	2,848.59	(550.00)	2,298.59	4,410.05	(550.00)	3,860.05
Other financial liabilities	328.40	5,566.63	5,895.03	827.27	5,566.63	6,393.89
Total Liabilities	5,079.67	5,016.63	10,096.30	7,343.97	5,016.63	12,360.60
Total Equity	62,618.01	(5,016.63)	57,601.38	62,981.43	(5,016.63)	57,964.80

Currency: Indian Rupees in lakhs

35 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	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 during the year ended 31 March 2020 was INR 100 (31 March 2019 : INR 104.51). 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.

Currency: Indian Rupees in lakhs

35 Share-based payment arrangements: *(Continued)*

Grant date	Exercise price	Share options 31 March 2020	Share options 31 March 2019
1-Jan-07	10	**100,000**	100,000
03-Sep -07 to 01 Apr-09	20	**1,086,000**	1,106,000
1-Aug-10	30	**495,000**	505,000
01-Oct-11 to 01-Mar-12	75	**869,000**	909,000
01-Aug-12 to 01-Dec-15	80	**2,488,250**	2,520,750
01-Apr-16 to 01-Dec-16	71	**439,000**	504,000
06-Aug-17 to 03-Apr-18	100	**1,586,250**	1,640,000
01-Aug-18 to 01-Mar-19	105	**537,500**	560,000
1-Jul-19	100	**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 serve 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.

	31 March 2020	31 March 2019			
Grant date	**1-Jul-19**	**1-Mar-19**	**30-Aug-18**	**1-Aug-18**	**3-Apr-18**
Fair value at grant date	INR 22.89- Year 1 INR 28.02- Year 2 INR 32.80 - Year 3 INR 37.26 - Year 4	INR 25.33 - Year 1 INR 30.85 - Year 2 INR 36.01 - Year 3 INR 40.84 - Year 4	INR 25.28 - Year 1 INR 31.15 - Year 2 INR 36.57 - Year 3 INR 41.59 - Year 4	INR 25.00 - Year 1 INR 30.86 - Year 2 INR 36.27 - Year 3 INR 41.27 - Year 4	INR 26.74 - Year 1 INR 32.23 - Year 2 INR 37.37 - Year 3 INR 42.17 - Year 4
Share price at grant date	100.00	104.50	104.50	104.50	104.50
Exercise price	100.00	105	105	105	100
Expected volatility (weighted-average)	20.00%	20.00%	18.00%	18.00%	18.00%
Expected life (weighted-average)	4.50	4.50	4.50	4.50	4.50
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bonds)	6.2% - 6.6%	6.7% - 7%	7.5%-7.7%	7.3%-7.6%	6.7% - 7.1%

The following table lists the average inputs to the models used for the plans for the year ended 31 March 2020.

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.

Currency: Indian Rupees in lakhs

35 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 2020		31 March 2019	
	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	**72.21**	**7,844,750**	70.96	8,319,750
Add: Options granted during the year	**100.00**	**980,000**	104.24	660,000
Less: Options exercised during the year	**66.18**	**121,250**	64.67	374,000
Less: Options lapsed during the year	**88.85**	**147,500**	89.95	761,000
Options outstanding as at the year end	**75.20**	**8,556,000**	72.21	7,844,750
Options exercisable as at the year end	**67.35**	**6,548,500**	63.76	5,942,250

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 10.23 lakhs (31 March 2019 : INR 42.95 lakhs)

Currency: Indian Rupees in lakhs

36 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 59.31 lakhs for 31 March 2020 (31 March 2019: 27.27 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 15 days are encased at the end of financial year on the basic salary. Encashment of more than 15 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:

		Gratuity	
	Note	**31 March 2020**	31 March 2019
Liability at the end of the year	18, 24	**58.12**	18.40
Fair value of Plan Assets at the end of the year		-	-
Amount recognised in Balance sheet		**58.12**	18.40

Currency: Indian Rupees in lakhs

36 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 2020	31 March 2019
Discount rate	**6.75%**	7.00%
Expected Rate of Return on Plan Assets		
Salary escalation rate	**10.3% for first two years & 8% thereafter**	8.30%
Withdrawal rate	**7.00%**	22.00%
Mortality rate	**IALM 2012-14 Ultimate**	IALM 2006-08 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 2020		31 March 2019	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(40.50)**	**(38.89)**	(0.77)	0.84
Future salary growth (1% movement)	**(38.91)**	**(40.50)**	0.82	(0.77)
Withdrawal rate (1% movement)	**(39.83)**	**(39.62)**	(0.10)	0.11
Mortality Rate (10% movement)	**(0.02)**	**0.02**	NA	NA

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 contributions for defined benefit plan for the next financial year amounts to INR 7.28 lakhs.

31 March 2020	3.47
31 March 2021	3.21
31 March 2022	3.51
31 March 2023	3.79
31 March 2024	3.93
31 March 2025	4.08
Thereafter	134.21

Currency: Indian Rupees in lakhs

36 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 2020	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
Opening balance	**18.40**	34.00	-	-	**18.40**	34.00
Adjustments to opening balance on account of employee transfer	-	-	-	-	-	-
Adjusted opening balance	**18.40**	34.00			**18.40**	34.00
Included in profit or loss						
Current service cost	**7.38**	2.71	-	-	**7.38**	2.71
Past service cost	-	-	-	-	-	-
Interest cost (income)	**1.29**	2.38	-	-	**1.29**	2.38
	27.07	39.09	-	-	**27.07**	39.09
Included in OCI						
Actuarial loss (gain) arising from:						
Demographic assumptions	**7.46**	-	-	-	**7.46**	-
Financial assumptions	**3.67**	-	-	-	**3.67**	-
Experience adjustment	**26.89**	(4.32)	-	-	**26.89**	(4.32)
Return on plan assets excluding interest income	-	-	-	-	-	-
	65.09	34.77	-	-	**65.09**	34.77
Other						
Contributions paid by the employer						
Benefits paid	**(6.97)**	(16.37)	-	-	**(6.97)**	(16.37)
Closing balance	**58.12**	18.40	-	-	**58.12**	18.40

Currency: Indian Rupees in lakhs

36 Employee benefits *(Continued)*

C. Components of defined benefit plan cost:

	Gratuity	
Particulars	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Recognised in Income Statement		
Current service cost	**7.38**	2.71
Interest cost / (income) (net)	**1.29**	2.38
Unrecognised Past Service Cost- non vested benefits	-	-
Past service cost	-	-
Total	**8.67**	5.09
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	**38.03**	(4.32)
Return on plan assets excluding net interest	-	-
Cumulative post employment (gains) recognised in the SOCIE	**38.03**	(4.32)

D. Category of assets

Category of assets	**For the year ending March 31, 2020**	For the year ending March 31, 2019
Corporate bonds	-	-
Equity shares	-	-
Government securities	-	-
Insurer managed funds	-	-
Bank balances	-	-
Others	-	-
Total	-	-

Note 37 : Leases

Right-of-use (ROU) asset

Changes in accounting policies

The Company applied Ind AS 116 with a date of initial application of 1 April 2019.

The Company applied Ind AS 116 using the modified retrospective approach. However, there was no impact on account of implementation of Ind AS 116 as at 1 April 2019 due to exemptions availed by the company.

Definition of lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under Appendix C of Ind AS 17. Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in accounting policies.

On transition to Ind AS 116, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and Appendix C of Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or modified on or after 1 April 2019.

A. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases . For leases of other assets, which were classified as operating under Ind AS 16, the Company recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under Ind AS 17

The Company used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

FINO PayTech Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

Note 37 : Leases *(Continued)*

B. Impacts on financial statements

The Company did not have any impact on transition since all the lease were considered as short-term on transition date. Accordingly, transition related disclosures are not applicable.

Particulars	Building	Office Equipment	Total
Gross Block			
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**
Accumulated depreciation			
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**
Net block	**813.60**	**352.87**	**1,166.47**

Lease liabilities included in the balance sheet	As at 31 March 2020
Current	**80.64**
Non-current	**1,085.51**
	1,166.15

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

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

Currency: Indian Rupees in lakhs

38 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 2020	31 March 2019
Profit attributable to equity share holders of the Company:		
Continuing operations	**805.98**	(922.79)
Less: Preference Dividend including tax thereon	**(0.03)**	(0.03)
Profit attributable to equity holders of the Company for basic earnings	**805.95**	(922.82)
Profit attributable to equity holders of the Company adjusted for the effect of basic and dilution	**805.95**	(922.82)

ii. Weighted average number of ordinary shares

	31 March 2020	31 March 2019
Issued ordinary shares at 01 April 2019	**98,786,361**	98,412,361
Effect of share options exercised	**37,116**	240,627
Weighted average number of shares at 31 March	**98,823,477**	98,652,988
Additions:-		
Share options	**-**	-
Convertible preference shares	**23,831,215**	23,831,215
Convertible share warrants	**5,500,000**	5,500,000
Weighted average number of shares at 31 March for basic EPS	**128,154,692**	127,984,203
Weighted average number of shares at 31 March	**128,154,692**	127,984,203
Add: Potential Equity Shares	**2,686,590**	2,449,440
Weighted average number of shares at 31 March for diluted EPS	**130,841,282**	130,433,643

Basic and Diluted earnings per share

	31 March 2020	31 March 2019
	Rs.	Rs.
Basic earnings per share	**0.63**	(0.72)
Diluted earnings per share*	**0.62**	(0.72)

* 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 2020

Currency: Indian Rupees in lakhs

39 Tax expense

(a) Amounts recognised in profit and loss

	Year ended 31 March 2020	Year ended 31 March 2019
Current income tax		
Current period	**33.28**	-
Changes in estimated related to prior years	-	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	-	1,308.20
Deferred tax expense	-	1,308.20
Tax expense for the year	**33.28**	1,308.20

(b) Amounts recognised in other comprehensive income

	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	**Tax (expense) benefit**	**Net of tax**	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	**(38.03)**	-	**(38.03)**	4.32	(1.12)	3.20
Equity instrument through OCI	-	-	-	236.81	(61.57)	175.24
Items that will be reclassified to profit or loss						
Items that will be reclassified to profit or loss	-	-	-	-	-	-
	(38.03)	-	**(38.03)**	241.13	(62.69)	178.44

(c) Reconciliation of effective tax rate

	Year ended 31 March 2020		Year ended 31 March 2019	
Profit before tax		**839.26**		385.41
Tax using the Company's domestic tax rate	**26.00%**	**218.21**	26.00%	100.21
Tax effect of:				
Tax effects of amounts which are not deductible for taxable income	**0.00%**	-	0.38%	1.47
Notional income not subject to tax	**0.00%**	-	-3.03%	(11.68)
Items on which no deferred tax was recognized	**-1.68%**	**(14.13)**	49.49%	190.75
Reversal of deferred tax asset on account of reasonable certainty	**0.00%**	-	205.04%	790.24
Reversal of unused tax credit on account of reasonable uncertainty	**0.00%**	-	67.30%	259.40
Effect of permanent difference on utilization of loss	**-20.35%**	**(170.80)**	-5.76%	(22.19)
	3.96%	**33.28**	339.43%	1,308.20

FINO PayTech Limited

Notes to the financial statements *(Continued)*
For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

39 Tax Expense *(Continued)*

(d) Movement in deferred tax balances

					31 March 2020		
	Net balance 1 April , 2019	**Recognised in profit or loss**	**Recognised in OCI**	**Other**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset / liability							
Property, plant and equipment	**419.44**	**30.84**	-	-	**450.28**	**450.28**	-
Security deposits	**0.08**	**14.11**	-	-	**14.19**	**14.19**	-
Leases	-	**(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**	-
Deferred tax assets (net)	**1,768.00**	**0.00**	-	-	**1,768.00**	**1,829.65**	**(61.65)**
Set off tax							
Net tax assets	**1,768.00**	**0.00**	-	-	**1,768.00**	**1,829.65**	**(61.65)**

(e) Movement in deferred tax balances

					31 March 2019		
	Net balance 1 April , 2018	Recognised in profit or loss	Recognised in OCI	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset / liability							
Property, plant and equipment	436.69	(17.25)	-	-	419.44	419.44	-
Security deposits	0.08	-	-	-	0.08	0.08	-
Borrowings	(0.64)	0.64	-	-	-	-	-
Provisions	1,749.65	(343.83)	(1.12)	-	1,404.70	1,404.70	-
Unabsorbed Business Loss	693.16	(693.16)	-	-	-	-	-
Equity instrument through OCI	-	-	(61.57)	-	(61.57)	-	(61.57)
MAT Credit entitlement	259.40	(259.40)	-	-	-	-	-
Others	0.55	4.80	-	-	5.35	5.35	-
Deferred tax assets (net)	3,138.89	(1,308.20)	(62.69)	-	1,768.00	1,829.57	(61.57)
Set off tax							
Net tax assets	3,138.89	(1,308.20)	(62.69)	-	1,768.00	1,829.57	(61.57)

Currency: Indian Rupees in lakhs

39 Tax Expense *(Continued)*

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 2020	**Expiry for 31 March 2020**	31 March 2019	Expiry for 31 March 2019
Business losses	**1,272.36**	3/31/2026	1,622.95	3/31/2026
Unabsorbed depreciation	**647.20**	No expiry		
	1,919.56		1,622.95	

Tax Credits carried forward

	31 March 2020	**Expiry for 31 March 2020**	31 March 2019	Expiry for 31 March 2019
MAT credit entitlement	**259.40**	3/31/2026	259.40	3/31/2026
	259.40		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 2020	31 March 2019
Deductible temporary differences	**33.79**	60.77
MAT Credit entitlement	**259.40**	259.40
Tax losses & unabsorbed depreciation	**499.09**	729.47
	792.28	1,049.64

Currency: Indian Rupees in lakhs

40 Related Party Disclosures

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	**Related party by whom significance influence is exercised**		
	Bharat Petroleum Corporation Limited	India	28.75%
2	**Entities which are controlled by the company and with whom the Company had transactions during the year**		
	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	**Key Management Personnel**		
	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		
	Rishi Daultani - Chief financial officer, Resigned w.e.f. 07th October 2019		
	Ramakrishna Gupta Vesta - Nominee Director of Bharat Petroleum Corporation Limited (BPCL) , Appointed w.e.f. 28th May 2019		

B. Transactions with key management personnel

i. Key management personnel compensation

Sr. No.	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i.	Short-term employee benefits	-	19.73
ii.	Post-employment benefits	-	2.73
iii.	Share-based payment	-	-

Currency: Indian Rupees in lakhs

40 Related party relationships, transactions and balances

Note 40 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, 2020	*354.04*	-	-	*354.04*
March 31, 2019	*18.92*	-	-	*18.92*
Recovery of expenses				
March 31, 2020	*371.36*	-	-	*371.36*
March 31, 2019	*657.47*	-	-	*657.47*
Sale of services / fixed assets				
March 31, 2020	-	*313.56*	-	*313.56*
March 31, 2019	*469.01*	-	-	*469.01*
Purchase of Services				
March 31, 2020	*247.16*	*14.39*	-	*261.55*
March 31, 2019	-	*36.71*	-	*36.71*
Director sitting fees				
March 31, 2020	-	-	*10.00*	*10.00*
March 31, 2019	-	-	*13.00*	*13.00*
Advance paid				
March 31, 2020	*1.22*	-	-	*1.22*
March 31, 2019	*0.02*	-	-	*0.02*
Loan Given				
March 31, 2020	-	-	-	-
March 31, 2019	*1.16*	-	-	*1.16*
Loan Taken				
March 31, 2020	-	-	-	-
March 31, 2019	*440.00*	-	-	*440.00*
Loan repaid				
March 31, 2020	*440.00*	-	-	*440.00*
March 31, 2019	-	-	-	-
Interest on loan taken				
March 31, 2020	*58.00*	-	-	*58.00*
March 31, 2019	*24.41*	-	-	*24.41*
Guarantee Commission				
March 31, 2020	*85.10*	-	-	*85.10*
March 31, 2019	*90.47*	-	-	*90.47*

Currency: Indian Rupees in lakhs

40 Related party relationships, transactions and balances *(Continued)*

Balance Outstanding	**Subsidiaries**	**Related party by whom significant influence is exercised**	**Key Management Personnel**	**Total**
Corporate Guarantee				
March 31, 2020	*5,852.32*	-	-	*5,852.32*
March 31, 2019	*5,498.28*	-	-	*5,498.28*
Trade Receivables (Gross)				
March 31, 2020	*150.91*	*370.00*	-	*520.91*
March 31, 2019	*15.07*	-	-	*15.07*
Trade Payables (Gross)				
March 31, 2020	*266.93*	-	-	*266.93*
March 31, 2019	-	-	-	-
Short term borrowings				
March 31, 2020	-	-	-	-
March 31, 2019	*440.00*	-	-	*440.00*
Short term loans				
March 31, 2020	*2.24*	-	-	*2.24*
March 31, 2019	*2.18*	-	-	*2.18*
Interest payable on loan taken				
March 31, 2020	-	-	-	-
March 31, 2019	*24.41*	-	-	*24.41*
Other payables				
March 31, 2020	-	-	-	-
March 31, 2019	*36.19*	-	-	*36.19*
Deemed Investment				
March 31, 2020	*847.46*	-	-	*847.46*
March 31, 2019	*591.13*	-	-	*591.13*

41 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 recognition :

Major revenue streams	**Year ended 31 March 2020**	Year ended 31 March 2019
Sale of products	**2,314.63**	2,855.06
CBS Services, enrollment income and other services	**3,911.82**	2,289.71
Total	**6,226.45**	5,144.77
Timing of revenue recognition		
Products transferred at point in time	**2,314.63**	2,855.06
Services transferred over the period of time	**3,911.82**	2,289.71
	6,226.45	5,144.77

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, 2020 other than those meeting the exclusion criteria mentioned above, is INR 53.20 lakh (March 2019 : INR 11.55 lakh) . Out of this, the Company expects to recognize revenue of around 47% (March 2019 : 45%) within the next one year and the remaining thereafter.

Currency: Indian Rupees in lakhs

42 Contingent liabilities and commitments

	31 March 2020	31 March 2019
Contingent liabilities		
(i) Arrears of preference share dividend	-	-
(ii) Value added tax and entry tax	**752.00**	976.60
(iii) Navi mumbai municipal corporation cess	**54.18**	54.18
(iv) Corporate guarantee issued on behalf of subsidiaries	**5,852.32**	5,498.28
(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 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lacs towards cess on purchases within the NMMC jurisdiction. The Company has been contesting this claim and is of the view that the demand in excess of INR 48.03 lacs was not tenable. Hence, the Company has created a provision of INR 48.03 lacs towards the obligation. Currently, the Commissioner Appeals has remanded back the case to assessing officer for fresh hearing.

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 & 13-14 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 752.00 Lakhs against which company has paid INR 179.45 lakhs under protest.

Capital Commitments

a. The company has capital commitments of INR Nil as on 31 March 2020 (31 March 2019 : INR 26.22 lakhs)

Currency: Indian Rupees in lakhs

43 Details of Dues to micro and small suppliers

	31 March 2020	31 March 2019
Dues to micro and small suppliers		
a. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	2.49
- 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.	-	-

44 Foreign currency transactions

Expenditure incurred in foreign currency	**31 March 2020**	31 March 2019
Membership fees	-	18.85
Consultancy charges	10.71	-
Annual maintenance charges	14.98	-
	25.69	18.85

45 COVID-19

In assessing the recoverability of receivables including trade receivables and investments, the company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts and based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. The extent to which the COVID-19 pandemic will impact the company's results will depend on future developments, which are highly uncertain and the company will continue to closely monitor any material changes to future economic conditions.

46 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 20 is Nil (Previous year : Nil).

Currency: Indian Rupees in lakhs

47 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.

48 Note on Litigation

During the year ended 31 March 2011, Navi Mumbai Municipal Corporation (NMMC) raised a demand of INR 102.20 lacs towards cess on purchases within the NMMC jurisdiction. The Company has been contesting this claim and is of the view that the demand in excess of INR 48.03 lacs was not tenable. Hence, the Company has created a provision of INR 48.03 lacs towards the obligation. Currently, the Commissioner Appeals has remanded back the case to assessing officer for fresh hearing.
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 & 13-14 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 752.00 Lakhs against which company has paid INR 179.45 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.

49 Subsequent events

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

50 Derivative contracts

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

51 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

Sd /-
Tushar Kurani
Partner
Membership Number : 118580

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

Sd /-
Ashok Kini
Non-Executive Chairman & Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

Navi Mumbai
28 May 2020

MSKC & Associates
Chartered Accountants

Floor 3, Enterprise Centre, Nehru Road
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Tel: +91 22 3358 9800

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, 2020, 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, 2020, 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 54 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.

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 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 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

a. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019 and March 31, 2018, were audited by another auditor whose report dated May 28, 2019 and May 23, 2018 respectively, expressed an unmodified opinion on those statements.

b. We have restated the Ind AS financial statement of Fino Paytech Limited, the Holding Company for the financial year ended March 31, 2019 and March 31, 2018 to give impact of adjustments as referred in Note 36 of the consolidated Ind AS Financial Statements.

c. 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 (Indian Accounting Standards) Rules, 2015 as amended.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the its subsidiary companies, none of the directors of the Group companies, is disqualified as on March 31, 2020 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, 2020 for which there were no material foreseeable losses. The Group does not have any derivative contracts as at March 31, 2020.

   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: 20118580AAAABN8113

Mumbai
May 28, 2020

MSKC & Associates
Chartered Accountants

Floor 3, Enterprise Centre, Nehru Road
Near Domestic Airport, Vile Parle (E)
Mumbai -400099
Tel: +91 22 3358 9800

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

[Referred to in paragraph 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, 2020.

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, 2020, 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, 2020, 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: 20118580AAAABN8113

Mumbai
May 28, 2020

FINO PayTech Limited

Consolidated Balance sheet

As at 31 March 2020

(Currency: Indian Rupees in lakhs)

	Note	31 March 2020	31 March 2019 Restated	1 April 2018 Restated
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	2	**4,420.18**	3,617.59	4,771.40
(b) Right-of-use assets	39	**4,097.92**	-	-
(c) Capital work-in-progress		**44.00**	45.97	136.24
(d) Goodwill	55	**716.66**	716.66	716.66
(e) Other Intangible assets	3	**1,464.44**	1,890.42	2,075.11
(f) Financial assets				
(i) Investments	4	**485.89**	485.74	0.55
(ii) Loans	5	**8,743.00**	10,921.69	12,568.60
(iii) Others	6	**3,042.84**	1,130.53	2,671.20
(g) Deferred tax assets (net)	41	**1,768.00**	1,833.53	3,751.66
(h) Advance tax assets (net)		**3,010.19**	3,774.85	4,214.34
(i) Other non-current assets	7	**373.68**	400.58	716.63
Total non current assets		**28,166.80**	24,817.56	31,622.39
(2) Current Assets				
(a) Inventories	8	**2,191.42**	2,003.89	1,937.62
(b) Financial assets				
(i) Investments	9	**12,843.65**	7,322.41	6,375.92
(ii) Trade receivables	10	**4,261.90**	3,838.81	4,179.91
(iii) Cash and cash equivalents	11A	**19,841.15**	48,521.93	20,226.11
(iv) Bank balances other than (iii) above	11B	**15,154.93**	4,372.98	20,111.43
(v) Loans	12	**18,471.78**	23,918.94	33,115.90
(vi) Others	13	**3,394.37**	10,864.07	421.42
(d) Other current assets	14	**1,889.87**	1,097.25	1,105.50
Total current assets		**78,049.07**	101,940.28	87,473.81
TOTAL ASSETS		**106,215.87**	126,757.84	119,096.20
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	15	**9,865.47**	9,853.34	9,808.84
(b) Instruments entirely in nature of equity		**2,933.12**	2,933.12	2,933.12
(c) Other equity	16	**8,949.31**	11,138.75	17,827.27
Equity attributable to equity holders of the Company		**21,747.90**	23,925.21	30,569.23
Non-controlling interests		**33.87**	11.95	-
Total equity		**21,781.77**	23,937.16	30,569.23
(2) Non current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	**9,198.65**	19,903.17	23,354.37
(ii) Others	18	**3,528.21**	-	-
(b) Provisions	19	**697.18**	671.92	710.16
(c) Other non-current liabilities	20	**28.37**	141.98	151.03
Total non current liabilities		**13,452.41**	20,717.07	24,215.56
(3) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	21	**14,038.03**	12,412.28	9,166.40
(ii) Trade payables	22			
Due to micro and small enterprises		**-**	2.49	-
Due to other than micro and small enterprises		**5,179.51**	6,417.24	4,310.58
(iii) Others	23	**48,094.92**	59,605.97	36,696.97
(b) Other current liabilities	24	**1,707.33**	1,633.05	11,898.10
(c) Short-term provisions	25	**1,706.14**	1,952.39	2,211.74
(d) Current tax liabilities (net)		**255.76**	80.19	27.62
Total current liabilities		**70,981.69**	82,103.61	64,311.41
Total liabilities		**84,434.10**	102,820.68	88,526.97
TOTAL EQUITY AND LIABILITIES		**106,215.87**	126,757.84	119,096.20

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 /-
Tushar Kurani
Partner
Membership No: 118580

Sd /-
Ashok Kini
Non-Executive Chairman & Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Mumbai
28 May 2020

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

FINO PayTech Limited

Consolidated Statement of profit and loss

For the year ended 31st March 2020
(Currency: Indian Rupees in lakhs)

	Note	Year ended 31 March 2020	Year ended 31 March 2019
Revenue			
I. Revenue from operations (Gross of excise duty)	27	**82,736.79**	52,723.73
II. Other income	28	**2,554.50**	2,015.37
III. Total income (I+II)		**85,291.29**	54,739.10
IV. Expenses			
Purchase of goods and services	29	**14,721.55**	11,880.45
Changes in inventories of finished goods, work-in-progress and stock-in-trade	30	**(365.60)**	(400.70)
Employee benefits expenses	31	**17,045.78**	17,302.44
Finance costs	32	**5,640.52**	6,562.96
Depreciation and amortization expenses		**3,730.12**	2,456.17
Other expenses	33	**46,504.65**	22,332.86
Total expenses (IV)		**87,277.02**	60,134.18
Profit/(loss) before Exceptional Items, and Tax		**(1,985.73)**	(5,395.08)
V. Loss before exceptional items and tax		**(1,985.73)**	(5,395.08)
VI. Exceptional Items		**-**	-
VII. Loss before tax (V - VI)		**(1,985.73)**	(5,395.08)
VIII. Tax expense:			
1. Current tax		**48.38**	73.25
2. Deferred tax		**65.53**	1,864.38
IX. Loss for the year		**(2,099.64)**	(7,332.71)
X. Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)		**(130.14)**	(40.82)
Change in fair value of FVOCI instrument		**-**	236.81
Income tax thereon		**-**	(53.74)
		(130.14)	142.25
(ii) Items that will be reclassified to profit or loss			
Investments measured at FVOCI		**10.31**	1.43
Income tax thereon		**-**	-
		10.31	1.43
Other comprehensive income for the year (net of tax)		**(119.83)**	143.68
XI. Total comprehensive income for the year (IX + X)		**(2,219.47)**	(7,189.03)
Profit attributable to:			
Owners of the Company		**(2,121.56)**	(7,343.92)
Non-controlling interests		**21.92**	11.21
Profit for the year		**(2,099.64)**	(7,332.71)
Other Comprehensive Income attributable to:			
Owners of the Company		**(119.83)**	143.68
Non-controlling interests		**-**	-
Other comprehensive income for the year		**(119.83)**	143.68
Total comprehensive income attributable to:			
Owners of the Company		**(2,241.39)**	(7,200.24)
Non-controlling interests		**21.92**	11.21
Total comprehensive income for the year		**(2,219.47)**	(7,189.03)
XII. Earnings per share attributable to owners of the Company	40		
1. Basic earnings per share (INR)		**(1.66)**	(5.75)
2. Diluted earnings per share (INR)		**(1.66)**	(5.75)

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

Sd /-
Tushar Kurani
Partner
Membership No: 118580

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

Sd /-
Ashok Kini
Non-Executive Chairman & Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

Mumbai
28 May 2020

FINO PayTech Limited

Consolidated statement of changes in equity

For the year ended 31st March 2020

(Currency: Indian Rupees in lakhs)

(a)

Equity share capital	**As at 31 March 2020**		As at 31 March 2019	
	Number	**Amount**	Number	Amount
Balance at the beginning of the reporting period	**98,533,410**	**9,853.34**	98,088,410	9,808.84
Changes in equity share capital during the year	**121,250**	**12.13**	445,000	44.50
Balance at the end of the reporting period	**98,654,660**	**9,865.47**	98,533,410	9,853.34

Instruments entirely in nature of equity	**As at 31 March 2020**		As at 31 March 2019	
Share warrants	**Number**	**Amount**	Number	Amount
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
Fully convertible preference shares (Series A,B,C)	**Number**	**Amount**	Number	Amount
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
Total of instruments entirely in nature of equity	**29,331,215**	**2,933.12**	**29,331,215**	2,933.12

(b) Other equity

Particulars	**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**		**Total attributable to owners of the company**		
		Retained Earnings	**Statutory Reserve**	**ESOP Reserve**	**Securities Premium**	**Equity Instrument at FVTOCI**	**Debt instrument through OCI**			
Balance at 31 March 2018	**209.68**	**(35,151.16)**	**36.43**	**360.77**	**57,926.59**	**-**	**11.61**	**23,393.92**	**-**	**23,393.92**
Correction of error (Refer note no. 36)										
Preference dividend		(5,566.65)	-	-	-	-	-	(5,566.65)	-	(5,566.65)
Share warrants	(209.68)	209.68	-	-	-	-	-	-	-	-
Restated Balance at 1 April 2018	**0.00**	**(40,508.13)**	**36.43**	**360.77**	**57,926.59**	**-**	**11.61**	**17,827.27**	**-**	**17,827.27**
Total comprehensive income for the year ended 31 March 2019										
Profit/(loss) for the year	-	(7,343.92)	-	-	-	-	-	(7,343.92)	11.21	(7,332.71)
Other comprehensive income (net of tax)										
- Remeasurments of FVTOCI Equity instruments	-	-	-	-	-	175.24	-	175.24	-	175.24
- Remeasurments of FVTOCI Debt instruments	-	-	-	-	-	-	1.43	1.43	-	1.43
- Remeasurement gain/(loss) on defined benefit obligation	-	(32.99)	-	-	-	-	-	(32.99)	-	(32.99)
Total comprehensive income for the year	**-**	**(7,376.91)**	**-**	**-**	**-**	**175.24**	**1.43**	**(7,200.24)**	**11.21**	**(7,189.03)**

FINO PayTech Limited

Consolidated statement of changes in equity

For the year ended 31st March 2020

(Currency: Indian Rupees in lakhs)

(b) Other equity *(Continued)*

Particulars	**Attributable to owners of the Company**								**Attributable to Non-Controlling Interests**	**Total**
	Equity component of compound financial instruments	**Reserves & Surplus**				**Items of Other**		**Total attributable to owners of the company**		
		Retained Earnings	**Statutory Reserve**	**ESOP Reserve**	**Securities Premium**	**Equity Instrument at FVTOCI**	**Debt instrument through OCI**			
ESOP expense recognised under fair value approach	-	-	-	139.05	-	-	-	139.05	-	139.05
Changes in ownership interest in subsidiaries that do not result in loss of control - Acquisition of NCI	-	1.81	-	-	-	-	-	1.81	0.74	2.55
Premium on issue of shares	-	-	-	(8.93)	290.69	-	-	281.76	-	281.76
Effect of options vested lapsed after vesting	-	1.21	-	(1.21)	-	-	-	-	-	-
Amounts utilised towards share issue expenses	-	-	-	-	-	-	-	-	-	-
Appropriation towards statutory reserve	-	(46.59)	46.59	-	-	-	-	(0.00)	-	(0.00)
Unamortized gain / loss on securitization written off through retained earning	-	89.10	-	-	-	-	-	89.10	-	89.10
Balance at 31 March 2019	**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)
Balance as at 1 April 2019	**0.00**	**(48,122.22)**	**83.02**	**489.68**	**58,217.28**	**175.24**	**13.04**	**10,856.04**	**11.95**	**10,867.99**
Total comprehensive income for the period ended 31 March 2020										
Profit for the year	-	(2,121.56)	-	-	-	-	-	(2,121.56)	21.92	(2,099.64)
Other comprehensive income (net of tax)										
- Remeasurments of FVTOCI Debt instruments	-	-	-	-	-	-	10.31	10.31	-	10.31
- Remeasurement gain/(loss) on defined benefit obligation	-	(130.14)	-	-	-	-	-	(130.14)	-	(130.14)
Total comprehensive income for the period ended 31 March 2020	**-**	**(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 after vesting	-	6.84	-	(6.84)	-	-	-	-	-	-
Appropriation towards statutory reserve	-	(92.85)	92.85	-	-	-	-	-	-	-
Balance at 31 March 2020	**0.00**	**(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 31st March 2020

(Currency: Indian Rupees in lakhs)

(b) Other equity *(Continued)*

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-IC 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.

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 /-
Tushar Kurani
Partner
Membership No: 118580

Sd /-
Ashok Kini
Non-Executive Chairman &
Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Mumbai
28 May 2020

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

FINO PayTech Limited

Consolidated Statement of cash flows

For the year ended 31st March 2020

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
Profit / (loss) for the year	(1,985.73)	(5,395.08)
Profit / (loss) before tax	(1,985.73)	(5,395.08)
Adjustments for :		
Depreciation and amortisation	3,730.12	2,456.17
Profit / (loss) on sale of fixed assets	(11.36)	0.53
ESOP expense	266.54	139.05
Interest income	(8,827.65)	(12,117.80)
Interest & finance charges	5,640.53	6,562.96
Provision for loan losses expenses	670.48	1,423.30
Provision for doubtful debts and assets	214.77	(112.72)
Operating profit before working capital changes	(302.30)	(7,043.59)
Working capital adjustments:		
(Increase) in inventories	(187.53)	(400.70)
(Increase) / decrease in trade receivables	(637.85)	760.22
(Increase) / decrease in Other current assets	(792.62)	8.25
Decrease in Current financial assets - loans	5,396.55	9,247.99
Decrease / (increase) in Other current financial assets	7,469.70	(10,442.65)
(Increase) / decrease in Non current financial assets - others	(2,582.79)	1,540.68
Decrease in other non current assets	26.90	316.05
Decrease in non-current financial assets - loans	2,178.69	223.61
(Decrease) / increase in trade payables	(1,240.22)	2,109.15
Increase / (decrease) in other current liabilities	74.27	(10,213.11)
(Decrease) / increase in other current financial liabilities	(5,177.97)	22,188.66
(Decrease) in other non-current liabilities	(113.61)	(9.06)
(Decrease) in provisions	(351.14)	(273.20)
Cash generated from operating activities	3,760.08	8,012.30
Interest paid	(4,195.13)	(5,577.16)
Interest received	6,901.60	10,060.25
Cash used in operations	6,466.55	12,495.39
Income tax (paid)/refund	891.86	418.80
Net Cash generated from operating activities (A)	7,358.41	12,914.19
B. Cash flows from investing activities		
Acquisition of property, plant and equipment/CWIP	(4,267.31)	(628.74)
Proceeds from sale of property, plant and equipment	(29.16)	16.02
Acquisition of computer software	203.07	(415.21)
Acquisition of non-current investments	(5,521.40)	(1,193.44)
Proceeds from fixed deposits	(10,781.95)	15,738.47
Interest received	1,976.66	2,006.52
Net Cash used in investing activities (B)	(18,420.09)	15,523.62

FINO PayTech Limited

Consolidated Statement of cash flows *(Continued)*
for the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2020	Year ended 31 March 2019
C. Cash flows from financing activities		
Proceeds from issue of equity share capital	**90.56**	326.26
Proceeds from subordinate debt	**5.63**	2,000.00
Proceeds from non current borrowings	**(6,333.08)**	17,450.00
Repayment of non current borrowings	**(10,710.15)**	(22,133.53)
Proceeds of current borrowings (net)	**1,625.76**	3,245.87
Lease payments	**(852.42)**	-
Interest & finance charges paid	**(1,445.40)**	(1,033.14)
Acquisition of non controlling interest	**-**	2.55
Net Cash Generated from Financing Activities (C)	**(17,619.10)**	(141.99)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(28,680.78)**	28,295.82
Cash and cash equivalents at the beginning of the year	**48,521.93**	20,226.11
Cash and cash equivalents at the end of the year	**19,841.15**	48,521.93
Cash and cash equivalents		
Cash on hand and balances with banks	**19,841.15**	48,521.93
Cash and cash equivalents	**19,841.15**	48,521.93

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

Sd /-
Tushar Kurani
Partner
Membership No: 118580

Mumbai
28 May 2020

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

Sd /-
Ashok Kini
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Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
Company Secretary

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

1.2 Significant Accounting Policies *(Continued)*

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.

1.2 Significant Accounting Policies *(Continued)*

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 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.

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

  Useful lives of tangible 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, they 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. 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.

1.2 Significant Accounting Policies *(Continued)*

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 Company 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.

1.2 Significant Accounting Policies *(Continued)*

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.

- **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 Significant Accounting Policies *(Continued)*

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.*
- *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 consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in equity under the head 'Capital reserve'. Transaction 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 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.8. Basis for Consolidation *(Continued)*

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%

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)

NCI are measured at their proportionate share of the acquiree's net identifiable net assets at the date of acquisition.

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 respective functional currencies 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.10 Revenue *(Continued)*

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.

- **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.

- **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.

  Revenue grants are recognised in the statement of profit and loss in the same period as the related cost which they are intended to compensate are accounted for.

1.2 Significant Accounting Policies *(Continued)*

1.2.11 Finance income and finance costs

i. Loan processing fees is amortised over the tenor of the loan.

ii. Interest Income on JLG loans given is recognised at the effective interest rate, on an accrual basis.

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.

iv. Interest expense on borrowing is recognised using the effective interest rate method.

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 Guarantee Commission

Commission paid by the group to third parties for guarantees issued by them in respect of the group's borrowings have been amortized over the tenure of the guarantee.

1.2.14 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 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

1.2 Significant Accounting Policies *(Continued)*

1.2.14 Taxation *(Continued)*

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 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 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.

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 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.15 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 balance up to 15 days are encashed at the end of financial year on the basic salary. Encashment of more than 15 days of leave is not permitted. Leave balance over 15 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. 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 Significant Accounting Policies *(Continued)*

1.2.16 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.

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.

1.2 Significant Accounting Policies *(Continued)*

1.2.16 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).

1.2.17 Goodwill & other Intangible assets:

i. 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. Subsequent measurement is 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.18 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.

i. 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 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

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.

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

Any debt instrument is measured at FVOCI if it is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets and the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1.2 Significant Accounting Policies *(Continued)*

1.2.18 Financial Instruments *(Continued)*

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 instruments that do not meet the SPPI criteria are measured at FVTPL with all changes in the fair value recognized in profit and loss.

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 decides 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.18 Financial Instruments *(Continued)*

Impairment of financial assets

IndAS 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.

ii. 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.18 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.

iii. 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.

iv. 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.

v. 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.19 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.

1.2.20 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.

1.2.21 Leases

Accounting policy applicable from 1 April 2019

The Group has applied Ind AS 116 Leases from the accounting periods beginning from 1 April 2019 using the modified retrospective approach. Accordingly, the comparative information for the year ended 31 March 2019 has not been restated and continues to be reported under Ind AS 17 and relevant appendices.

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

1.2 Significant Accounting Policies *(Continued)*

1.2.21 Leases *(Continued)*

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.

This policy is applied to contracts entered into, or modified, on or after 1 April 2019.

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 property and equipment. 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 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.

1.2 Significant Accounting Policies *(Continued)*

1.2.21 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.

The lease liability is measured at amortised cost using the effective interest method. 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.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

1.2 Significant Accounting Policies *(Continued)*

1.2.21 Leases *(Continued)*

Under Ind AS 17

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group’s balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Assets held under other leases were classified as operating leases and were not recognized in the Group’s balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

1.2.22 Impairment of non-financial assets

The carrying values of 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 extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

(Currency: Indian Rupees in lakhs)

1.2 Significant Accounting Policies *(Continued)*

1.2.23 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.

1.2.24 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.

1.2.25 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.

1.2.26 Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) has not issued any new standards nor amended any existing standards which are effective for reporting periods beginning on or after 1 April 2020.

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2020

(Currency: Indian Rupees in lakhs)

2 Property, plant and equipment

A. Reconciliation of carrying amount

P A R T I C U L A R S			**Owned assets**				**Total**
	Leasehold improvements	**Computers / hardware**	**Plant and Machinery**	**Furniture and Fixtures**	**Vehicles**	**Office Equipment**	
Year ended 31 March 2019							
Gross block							
Balance at 1 April 2018	2,142.12	4,215.82	1,171.04	166.30	93.67	1,152.28	8,941.23
Additions	5.09	649.85	0.98	0.04	17.17	44.78	717.91
Disposals	-	-	-	-	(17.17)	(0.50)	(17.67)
Closing gross block	2,147.21	4,865.67	1,172.02	166.34	93.67	1,196.56	9,641.47
Accumulated depreciation							
Balance at 1 April 2018	722.19	2,144.14	595.31	70.64	24.59	612.96	4,169.83
Depreciation charge during the year	350.17	1,028.91	100.73	2.22	34.99	339.25	1,856.27
Disposals	-	-	-	-	(1.82)	(0.40)	(2.22)
Closing accumulated depreciation	1,072.36	3,173.05	696.04	72.86	57.76	951.81	6,023.88
Net block	1,074.85	1,692.62	475.98	93.48	35.91	244.75	3,617.59
Year ended 31 March 2020							
Gross block							
Balance at 1 April 2019	**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)**
Closing gross block	**2,719.61**	**5,811.22**	**2,289.31**	**254.97**	**93.67**	**1,267.34**	**12,436.12**
Accumulated depreciation							
Balance at 1 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)**
Closing accumulated depreciation	**1,588.78**	**4,175.63**	**1,005.91**	**127.22**	**73.83**	**1,044.57**	**8,015.94**
Net block	**1,130.83**	**1,635.59**	**1,283.40**	**127.75**	**19.84**	**222.77**	**4,420.18**

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2020

(Currency: Indian Rupees in lakhs)

3 Other intangibles assets

	Gross block				Accumulated depreciation				Net block	
Particulars	**Balance as at 1 April 2019**	**Additions**	**Disposals**	**Balance as at 31 March 2020**	**Balance as at 1 April 2019**	**Charge for the year**	**Eliminated on disposal of assets**	**Balance as at 31 March 2020**	**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**
TOTAL	**3,492.86**	**203.07**	**-**	**3,695.93**	**1,602.44**	**629.05**	**-**	**2,231.49**	**1,464.44**	**1,890.42**

	Gross block				Accumulated depreciation				Net block	
Particulars	Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	Balance as at 1 April 2018	Charge for the year	Eliminated on disposal of assets	Balance as at 31 March 2019	Balance as at 31 March 2019	Balance as at 31 March 2018
Computer Software	3,077.65	415.21		3,492.86	1,002.54	599.90	-	1,602.44	1,890.42	2,075.11
TOTAL	3,077.65	415.21	-	3,492.86	1,002.54	599.90	-	1,602.44	1,890.42	2,075.11

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2020

(Currency: Indian Rupees in lakhs)

		31 March 2020	31 March 2019
4	**Financial assets - Investments**		
	Invesments measured at amortised cost		
	Investments in government securities		
	Unquoted		
	- National saving certificate	**1.09**	0.94
	Investment carried at fair value through other comprehensive income (FVTOCI)- equity instruments		
	3,030 (Previous year: Nil) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	**484.80**	484.80
		485.89	485.74
	(a) Aggregate amount of unquoted investments	**485.89**	485.74
	(b) Aggregate amount of impairment in value of investments	**-**	-
5	**Financial assets - Loans**		
	Secured loans		
	Considered good:		
	Loans to MSME	**954.33**	1,643.48
	Considered doubtful:		
	Loans to MSME	**57.82**	43.23
	Less: Loss allowance	**(57.82)**	(43.23)
	(A)	**954.33**	1,643.48
	Unsecured loans		
	Considered good:		
	Loans to JLG groups	**5,990.28**	8,210.24
	Loans to MSME	**-**	0.15
	Security deposits	**1,798.39**	1,067.82
	Considered doubtful:		
	Loans to JLG groups	**294.58**	390.49
	Less: Loss allowance	**(294.58)**	(390.49)
	Security deposits	**155.69**	131.88
	Less: Allowance for doubtful deposit	**(155.69)**	(131.88)
	(B)	**7,788.67**	9,278.21
	(A + B)	**8,743.00**	10,921.69
6	**Other non-current financial assets**		
	Deposits with banks (maturing after 12 months from the reporting date)*	**973.70**	6.12
	Deposits for margin money with banks**	**2,069.73**	1,124.64
	Less: Loss allowance for bank balances other than cash and cash equivalents	**(0.59)**	(0.23)
		3,042.84	1,130.53

* Includes deposits of Rs. Rs. 28.60 lakhs (Previous year Rs. 0.85 lakhs) provided against the pending litigations under Value Added Tax Act.

** Includes deposits of Rs. 95.86 lakhs (Previous Year : Rs. 155.15 lakhs) provided as cash collateral against borrowings.

		31 March 2020	31 March 2019
7	**Other non-current assets**		
	Prepaid expenses	**43.57**	56.53
	Deposits with Government Authorities (Sales tax, income tax, cess etc.)	**330.11**	74.44
	Balances with Government Authorities (GST input)	**-**	269.61
		373.68	400.58
8	**Inventories**		
	Stock-in-trade	**4,341.86**	3,976.26
	Less : Impairment of inventories	**(2,150.44)**	(1,972.37)
		2,191.42	2,003.89

Inventories are valued at lower of cost or net realisable value.

(Currency: Indian Rupees in lakhs)

	31 March 2020	31 March 2019
9 Current investments		
Investment in government securities		
Quoted		
Investment in T-bills	**12,843.65**	7,322.41
	12,843.65	7,322.41
(a) Aggregate book value of quoted investments;	**12,843.65**	7,322.41
(b) Aggregate market value of quoted investments;	**12,843.65**	7,322.41
(c) Aggregate amount of impairment in value of investments	**-**	-

	31 March 2020	31 March 2019
10 Trade receivables		
Unsecured		
- Considered Good	**4,261.90**	3,838.81
- Doubtful	**4,715.23**	4,978.91
Less: Allowance for doubtful debts	**(4,715.23)**	(4,978.91)
	4,261.90	3,838.81
Of the above, trade receivables from related parties are as below:		
Total Trade receivables from related parties	**370.00**	20.10
Less: Provision	**-**	-
Net Trade receivables	**370.00**	20.10

	31 March 2020	31 March 2019
11A Cash and cash equivalents		
a. Balance with banks :		
In current account	**17,566.61**	23,938.00
In deposits with original maturity of less than 3 months	**993.18**	22,560.20
In escrow account	**-**	74.42
b. Cash on hand	**1,284.86**	1,952.53
Less: Allowance for cash and cash equivalents	**(3.50)**	(3.22)
	19,841.15	48,521.93

(Currency: Indian Rupees in lakhs)

11B Bank balances other than cash and cash equivalents

	31 March 2020	31 March 2019
Deposits with Banks*	**11,999.62**	4,326.65
Fixed deposits (with original maturity in excess of three months and due to mature within 12 months from the reporting date)	**3,108.08**	-
Other bank balances**	**50.17**	50.17
Less: Allowance for bank balances other than cash and cash equivalents	**(2.94)**	(3.84)
	15,154.93	4,372.98

* Includes deposits of Rs. 190.12 lakhs (Previous year Rs. 126.60 lakhs) provided against the pending litigations under Value Added Tax Act & Rs. Nil (Previous Year : Rs. 271.45 lakhs) provided as cash collateral against borrowings)

** Represents bank balance which is restricted on account of its corresponding creditors.

12 Current financial assets - Loans

		31 March 2020	31 March 2019
Secured loans			
Considered good:			
Loans to MSME (Secured)		**547.83**	512.12
Considered doubtful:			
Loans to MSME		**40.08**	13.37
Less: Loss allowance		**(40.08)**	(13.37)
	(A)	**547.83**	512.12
Unsecured loans			
Considered good:			
Loans to JLG groups		**17,718.51**	23,134.99
Loans to MSME		**37.99**	40.98
Loans to employees/contractual staff		**16.18**	23.77
Death claim receivable		**40.62**	163.56
Security deposits		**110.65**	43.52
Considered doubtful:			
Loans to MSME		**2.99**	-
Less: Loss allowance		**(2.99)**	-
Loans to JLG groups		**895.19**	1,406.75
Less: Loss allowance		**(895.19)**	(1,406.75)
Death claim receivable		**161.74**	73.53
Less: Loss allowance		**(161.74)**	(73.53)
Security deposits		**27.69**	34.95
Less: Allowance for doubtful deposit		**(27.69)**	(34.95)
	(B)	**17,923.95**	23,406.82
	(A + B)	**18,471.78**	23,918.94

13 Other current financial assets

	31 March 2020	31 March 2019
Servicing Asset	**18.36**	-
Recoverable on account of settlement	**1,103.67**	9,037.98
Other receivables	**2,272.99**	1,828.21
Less: Allowance for other financial assets	**(0.65)**	(2.12)
	3,394.37	10,864.07

14 Other current assets

	31 March 2020	31 March 2019
Prepaid Expenses	**131.69**	169.17
Advances to staff/agents/employees	**71.47**	155.41
Advance to Suppliers	**888.85**	325.83
Other Current Assets	**797.86**	446.84
	1,889.87	1,097.25

(Currency: Indian Rupees in lakhs)

15 Share capital

	31 March 2020	31 March 2019
a Authorised :		
Equity Shares of Rs.10 each		
120,000,000 (31 March 2019 ; 120,000,000) Equity shares	**12,000.00**	12,000.00
Fully convertible Preference Shares of Rs.10 each		
50,000,000 (31 March 2019 : 50,000,000) Equity shares	**5,000.00**	5,000.00
TOTAL	**17,000.00**	17,000.00
b Issued and subscribed and paid up:		
9,86,54,660 (31 March 2019 : 98,533,410) Equity shares fully paid up*	**9,865.47**	9,853.34
2,643,210 (31 March 2019 : 2,643,210) 9.00% Preference shares of class - A fully paid up	**264.32**	264.32
9,919,694 (31 March 2019 : 9,919,694) 0.005% Preference shares of class - B fully paid up	**991.97**	991.97
11,268,311 (31 March 2019 : 11,268,311) 12.00% Preference shares of class - C fully paid up	**1,126.83**	1,126.83
TOTAL	**12,248.59**	12,236.46

*On consolidation, 252,951 (31 March 2019 : 252,951) shares held by Fino ESOP trust are reduced from share capital.

c Reconciliation of number of shares outstanding at the beginning and end of the year :

	31 March 2020	31 March 2019
Equity share :		
Outstanding at the beginning of the year	**98,533,410**	98,088,410
Equity Shares issued during the year in consideration for cash	**-**	71,000
Equity Shares issued during the year pursuant to exercise of ESOPs	**121,250**	374,000
Outstanding at the end of the year	**98,654,660**	98,533,410
Preference share :		
Outstanding at the beginning of the year	**23,831,215**	23,831,215
Converted into equity shares	-	-
Outstanding at the end of the year	**23,831,215**	23,831,215

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.

(Currency: Indian Rupees in lakhs)

15 Share capital (Continued)

e Shareholders holding more than 5% shares in the Group is set out below:

Equity share	**31 March 2020**		31 March 2019	
	No. of Shares	**% holding**	No. of Shares	% holding
Bharat Petroleum Corporation Limited	**28,435,423**	**28.82%**	28,435,423	28.86%
ICICI Prudential Life Insurance Company Ltd.	**11,328,854**	**11.48%**	11,328,854	11.50%
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	**7,512,207**	**7.61%**	7,512,207	7.62%
HAV 3 Holdings (Mauritius) Limited	**7,456,993**	**7.56%**	7,456,993	7.57%
International Finance Corporation	**6,569,567**	**6.66%**	6,569,567	6.67%
ICICI Bank Limited	**5,750,000**	**5.83%**	5,750,000	5.84%
ICICI Lombard General Insurance Company Limited	**5,289,194**	**5.36%**	5,289,194	5.37%

Fully convertible preference shares

	As at 31 March 2020		As at 31 March 2019	
	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 37.

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 2019 : 40 lakhs)) and ICICI Lombard General Insurance Company Limited (number of share warrants 15 lakhs (31 March 2019 : 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 filling 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 2019 : Nil)

(Currency: Indian Rupees in lakhs)

		31 March 2020	31 March 2019
16	**Other Equity**		
	Securities premium reserve	**58,297.10**	58,217.28
	Statutory reserve	**175.87**	83.02
	ESOP reserve	**737.68**	489.68
	Retained earnings	**(50,459.93)**	(47,839.51)
	Debt instrument through OCI	**23.35**	13.04
	Equity instrument through OCI	**175.24**	175.24
		8,949.31	11,138.75
	Securities premium reserve		
	Opening balance	**58,217.28**	57,926.59
	Additions during the year	**79.82**	290.69
	Closing balance	**58,297.10**	58,217.28
	Statutory reserve		
	Opening balance	**83.02**	36.43
	Additions during the year	**92.85**	46.59
	Closing balance	**175.87**	83.02
	ESOP reserve		
	Opening balance	**489.68**	360.77
	Additions during the year	**248.00**	128.91
	Closing balance	**737.68**	489.68
	Retained earnings		
	Opening balance	**(47,839.51)**	(40,508.13)
	Net loss for the year	**(2,121.56)**	(7,343.92)
	ESOP lapsed	**6.84**	1.21
	Transfer to Statutory Reserve (as per RBI Act)	**(92.85)**	(46.59)
	Changes in ownership interest in subsidiaries that do not result in loss of control -	**-**	1.81
	Unamortised gain on securitisation	**-**	89.10
	Remeasurement gain/(loss) on defined benefit obligation	**(130.14)**	(32.99)
	Cumulative effect on transition to Ind AS 116	**(282.71)**	-
	Closing balance	**(50,459.93)**	(47,839.51)
	Debt instrument through OCI		
	Opening Balance	**13.04**	11.61
	Increase/(Decrease) during the year	**10.31**	1.43
	Closing balance	**23.35**	13.04
	Equity instrument through OCI		
	Opening Balance	**175.24**	-
	Increase/(Decrease) during the year	**-**	175.24
	Closing Balance	**175.24**	175.24
		8,949.31	11,138.75

(Currency: Indian Rupees in lakhs)

17 Non-current financial liabilities - Borrowings

	31 March 2020	31 March 2019
Secured		
Term loans from banks	**735.55**	6,776.02
Term loans from other parties	**989.24**	4,192.17
Privately placed redeemable non convertible debentures	**2,980.04**	4,433.78
Vehicle loans	**22.81**	35.83
Unsecured		
Subordinated debt (Non-convertible debenture)	**4,471.01**	4,465.37
	9,198.65	19,903.17

Secured loan :

a. Term loans from banks are taken at an interest rate ranging from 10.75% p.a. to 14.50% 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 1.15 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.

Unsecured loan :

a. Subordinated debt of Rs. 2,500 lakhs is issued at an interest rate of 16.10% p.a. and is repayable on 30 September 2021 in a single bullet payment with interest payable quarterly and is unsecured and listed on Bombay stock exchange.
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.

18 Non-current liabilities - Other financial liabilities

	31 March 2020	31 March 2019
Lease liability	**3,528.21**	-
	3,528.21	

19 Non current liabilities - Provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
Gratuity [Refer note 38]	**594.46**	518.23
Compensated Absences [Refer note 38]	**54.69**	105.66
Other provision :		
Provision for litigation *	**48.03**	48.03
	697.18	671.92

* 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. The Group has been contesting this claim and is of the view that the demand in excess of INR 48.03 lakhs was not tenable. Hence, the Company has created a provision of INR 48.03 lakhs towards the obligation. Currently, the Commissioner Appeals has remanded back the case of assessing officer for fresh hearing.

20 Other non-current liabilities

	31 March 2020	31 March 2019
Straight lining of lease rentals	**-**	135.61
Contract liability	**28.37**	6.37
	28.37	141.98

21 Current financial liabilities - Borrowings

	31 March 2020	31 March 2019
Secured		
Loans repayable on demand from banks*	**14,024.99**	12,108.52
Borrowing against loans securitised	**0.00**	291.71
Vehicle loans	**13.04**	12.05
	14,038.03	12,412.28

* 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 are taken at an interest rate ranging from 5.50% to 9.60% p.a. (previous year : 7.60% to 14.00%) and the same are secured against cash collaterals.

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.

22 Trade and other payables

	31 March 2020	31 March 2019
Dues to micro and small enterprises (Refer note 45)	**-**	2.49
Dues to other than micro and small enterprises	**5,179.51**	6,417.24
	5,179.51	6,419.73

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 2020, to Micro, Small and Medium Enterprises on account of principal or interest.

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2020

(Currency: Indian Rupees in lakhs)

23 Current - Other financial liabilities

	31 March 2020	31 March 2019
Current maturities of long-term debt	**11,830.87**	17,280.29
Unpaid dividends	**5,566.62**	5,566.65
Current maturities of non convertible debenture	**-**	1,017.62
Interest accrued but not due on borrowings	**157.80**	23.84
Deposit collected from agents	**46.90**	2.69
Deposit from customers	**12,673.23**	5,774.94
Collections payable on loan securitised	**0.53**	71.69
Payable to related parties	**(0.02)**	-
Earnest money deposits from BC/Merchants	**1,742.10**	9,525.52
CMS collection payable account	**489.37**	1,539.88
Payable on settlement account	**1,221.67**	13,237.51
Payable on account of BC business	**10,755.90**	4,255.39
Other payables	**2,626.60**	1,309.95
Lease liability	**983.35**	-
	48,094.92	59,605.97

24 Other current liabilities

	31 March 2020	31 March 2019
Advances from customers	**170.78**	247.49
Statutory dues payables (includes Professional Tax, ESIC, Provident Fund, Withholding Taxes, etc.)	**1,137.84**	1,035.07
Contract liabilities [Refer note 56]	**24.83**	5.18
Other current liabilities	**373.88**	345.31
	1,707.33	1,633.05

25 Current liabilities - Provisions

	31 March 2020	31 March 2019
Provision for employee benefits		
Gratuity [Refer note 38]	**367.76**	240.57
Bonus payable	**682.37**	687.89
Compensated absences [Refer note 38]	**50.03**	67.94
Other provision :		
Provision for expected loss on performance security	**605.98**	955.99
	1,706.14	1,952.39

26 Deferred income

	31 March 2020	31 March 2019
Contract liability	**53.20**	11.55
	53.20	11.55

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

For the year ended 31st March 2020

(Currency: Indian Rupees in lakhs)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
27	**Revenue from operations**		
	A. Sale of products		
	Cards and devices	**2,314.63**	2,855.06
	B. Rendering of services		
	Enrollment income	**13,191.48**	2,409.48
	Commission,exchange,brokerage	**47,473.59**	18,785.83
	Interest income on portfolio loans	**6,502.33**	9,704.50
	Disbursement charges	**3,726.49**	5,301.83
	Other services	**9,528.27**	13,667.03
	Total revenue from operations	**82,736.79**	52,723.73
28	**Other income**		
	Interest received on financial assets caried at amortised cost		
	Deposits with banks	**1,351.91**	1,324.23
	Other interest income	**138.94**	209.97
	Interest received on financial assets caried at fair value through other comprehensive income (FVTOCI)		
	T-bills	**485.81**	472.32
	Profit / (loss) on sale of fixed assets (net)	**11.36**	0.53
	Other miscellaneous income	**75.64**	8.32
	Write back of liabilities	**490.84**	-
	Total other income	**2,554.50**	2,015.37
29	**Purchase of goods and services**		
	Purchase of goods:		
	Cards and devices	**2,374.21**	2,504.77
	Other direct cost	**675.49**	501.94
	Purchase of services:		
	Sourcing charges	**8,232.68**	8,115.56
	Enrollment expenses	**1,217.87**	513.15
	Others	**2,221.30**	245.03
	Total purchases of goods and services	**14,721.55**	11,880.45
30	**Changes in inventories of stock-in-trade and work-in-progress**		
	Opening Stock :		
	Traded goods	**3,976.26**	3,575.56
	Work-in-progress	**-**	136.08
	Closing Stock:		
	Traded goods	**4,341.86**	3,976.26
	Changes in inventories of finished goods, work-in-progress and stock-in-trade		
	Traded goods	**(365.60)**	(400.70)
	Work-in-progress	**-**	136.08
	Less : Provision	**-**	(136.08)
	Changes in inventories of stock-in-trade and work-in-progress	**(365.60)**	(400.70)

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

For the year ended 31st March 2020

(Currency: Indian Rupees in lakhs)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
31	**Employee benefit expense**		
	Salaries and wages	**15,631.84**	16,089.06
	Contribution to provident and other funds	**1,108.63**	1,025.04
	Share based payment expenses	**266.55**	139.05
	Staff welfare expenses	**38.76**	49.29
	Employee benefit expense	**17,045.78**	17,302.44
32	**Finance costs**		
	Interest on borrowings	**4,195.13**	5,180.15
	Interest on deposits	**276.58**	123.99
	Interest on Debentures	**495.47**	949.23
	Other borrowing costs	**202.90**	309.59
	Interest on unwinding of lease liability	**470.45**	-
	Finance costs	**5,640.53**	6,562.96
33	**Other expenses**		
	Repairs and maintenance:		
	- Others	**117.28**	886.47
	Rent	**838.51**	1,931.25
	Rates and taxes	**23.95**	40.82
	Insurance	**379.20**	318.45
	Power and fuel	**54.52**	307.39
	Communication cost	**1,313.33**	1,273.81
	Infrastructure cost	**83.02**	-
	Commission and brokerage	**32,526.72**	9,461.56
	Bank charges	**140.09**	377.76
	Technology and technical support expenses	**-**	12.50
	Travelling and conveyance	**650.42**	912.91
	Training expenses	**6.19**	30.59
	Legal and professional charges	**2,944.59**	2,827.50
	Stationery & printing expenses	**157.92**	403.43
	Directors sitting fees	**19.39**	20.25
	Payment to auditors		
	- Statutory audit	**87.20**	112.07
	Provision for doubtful debts and advances	**214.77**	-
	Provision for loan losses expenses	**670.48**	1,423.30
	Advertisement, publicity and sales promotion expenses	**709.15**	420.99
	(Write back) / provision for doubtful debts and inventory	**-**	(112.72)
	Miscellaneous expenses	**5,567.92**	1,684.53
		46,504.65	22,332.86

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
For the year ended 31st March 2020

(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.

	Carrying amount				Fair value		
31 March 2020	**FVTPL**	**FVTOCI**	**Amotised Cost**	**Total**	**Level 1**	**Level 3**	**Total**
Financial assets measured at fair value through other comprehensive income							
Investment in T-bills		12,843.65		12,843.65	12,843.65		12,843.65
Investment in unqouted equity instruments		484.80		484.80		484.80	484.80
Financial assets measured at amortised cost							
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 amortised cost							
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 31st March 2020

(Currency: Indian Rupees in lakhs)

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

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

	Carrying amount				Fair value		
31 March 2019	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 3	Total
Financial assets measured at fair value through other comprehensive income							
Current investments	-	7,322.41	-	7,322.41	7,322.41	-	7,322.41
Non current investments		484.80	-	484.80		484.80	484.80
Financial assets measured at amortised cost							
Non current financial assets							
Non current investments			0.94	0.94		0.94	0.94
Loans							
Security deposits			1,067.82	1,067.82		1,083.54	1,083.54
Loans to JLG groups			8,210.24	8,210.24		8,261.77	8,261.77
Loans to MSME			1,643.63	1,643.63		1,617.47	1,617.47
Other non current financial assets			1,130.53	1,130.53		1,131.25	1,131.25
Current financial assets							
Trade receivables			3,838.81	3,838.81			-
Cash and cash equivalents			48,521.93	48,521.93			-
Other bank balances			4,372.98	4,372.98			-
Loans							
Security deposits			43.52	43.52			-
Loans to JLG groups			23,134.99	23,134.99			-
Loans to MSME			553.10	553.10			-
Loans to employees			23.77	23.77			-
Others			163.56	163.56			-
Other current financial assets			10,864.07	10,864.07			-
	-	7,807.21	103,569.89	111,377.10	7,322.41	12,579.77	19,902.18
Financial liabilities measured at amortised cost							
Long term borrowings			19,903.17	19,903.17		19,338.88	19,338.88
Short term borrowings			12,962.28	12,962.28			-
Trade and other payables			6,419.73	6,419.73			-
Other current financial liabilities			54,039.31	54,039.31			-
	-	-	93,324.49	93,324.49	-	19,338.88	19,338.88

(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.

(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

i. 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.

ii. 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 instrsuments, 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 unobservable inputs, holding other inputs constant, would have the following effects:

	31 March 2020			
Significant unobservable 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)**

	31 March 2019			
Significant unobservable 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 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.

(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 2020	31 March 2019
Loans to JLG	**24,898.56**	33,142.47
Trade receivables	**8,977.12**	8,817.72
	33,875.68	41,960.19

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 a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

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.

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 assests 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

(Currency: Indian Rupees in lakhs)

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

C. Financial risk management *(Continued)*

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 opearates 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.

Ageing analysis
The following tables show the ageing of loans & receivables:

Trade Receivables	**31 March 2020**	31 March 2019
Less than 180 days	**3,878.19**	3,185.12
More than 180 days	**5,098.93**	5,632.64
Closing balance	**8,977.12**	8,817.76

JLG Loans	**31 March 2020**	31 March 2019
Stage 1	**23,532.00**	31,032.00
Stage 2	**991.00**	933.00
Stage 3	**376.00**	1,178.00
Closing balance	**24,899.00**	33,143.00

MSME & other loans	**31 March 2020**	31 March 2019
Stage 1	**1,430.00**	2,208.00
Stage 2	**130.00**	24.00
Stage 3	**81.00**	21.00
Closing balance	**1,641.00**	2,253.00

Loss allowance
The following table shows reconciliations from the opening to the closing balance of the loss allowance:

	31 March 2020	31 March 2019
Trade receivables		
Opening balance	**4,978.91**	5,451.76
Net impairment loss recognised	**-**	93.45
Balance written back	**(263.68)**	(566.30)
Closing balance	**4,715.23**	4,978.91

(Currency: Indian Rupees in lakhs)

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

C. Financial risk management *(Continued)*

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans to Joint liability groups				
Balance as at 31 March 2018	499.56	383.10	1,408.27	2,290.93
Transfer to 12 month ECL	3.17	(2.19)	(0.98)	-
Transfer to Lifetime ECL not credit impaired	(15.11)	17.22	(2.11)	-
Transfer to Lifetime ECL credit impaired	(16.13)	(17.96)	34.09	-
Net remeasurement of loss allowance	(81.93)	257.51	133.57	309.15
New financial assets originated or purchased	339.54	253.65	160.52	753.71
Financial assets that have been derecognised	(254.37)	(353.84)	(948.34)	(1,556.55)
Balance as at 31 March 2019	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**	**578.20**
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)**
Balance as at 31 March 2020	**303.42**	**640.90**	**245.46**	**1,189.78**

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans to MSME				
Balance as at 1 April 2018	2.23	-	-	2.23
New financial assets originated or purchased	26.02	14.33	14.01	54.36
Balance written back				-
Balance as at 31 March 2019	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**	**42.70**
New financial assets originated or purchased	**0.39**	**1.20**	**-**	**1.59**
Balance as at 31 March 2020	**8.72**	**47.66**	**44.50**	**100.88**

FLDGs placed for BC lending*	**31 March 2020**	31 March 2019
Opening balance	**955.99**	1,263.90
Net Impairment loss recognised	**114.15**	-
Balance written back	**(464.16)**	(307.91)
Closing balance	**605.98**	955.99

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

Other advances	**31 March 2020**	31 March 2019
Opening balance	**240.35**	497.51
Net Impairment loss recognised	**144.41**	49.29
Balance written back	**(39.66)**	(306.45)
Closing balance	**345.10**	240.35

Significant changes in gross carrying value that contributed to change in loss allowance:
The lending business mostly provides loans to joint liability groups in rural areas which have significantly increased on a year on year basis and hence contributed to the change in loss allowance.

(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.

				Contractual cash flows			
31 March 2020	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
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**

				Contractual cash flows			
31 March 2019	Carrying amount	Total	Less than 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Rupee term loans from banks	14,045.15	16,016.08	4,196.36	4,489.25	7,246.01	84.46	-
Rupee term loans from others	14,203.32	15,730.50	6,378.46	4,897.29	4,205.64	249.11	-
Redeemable non convertible debentures	5,451.40	7,773.53	1,395.56	316.62	650.71	5,410.64	-
Working capital loans from banks	12,108.52	12,108.52	12,108.52	-	-	-	-
Subordinated debt	4,465.37	7,420.93	350.50	346.13	691.67	3,572.60	2,460.03
Borrowing against loans securitised	291.71	291.71	291.71	-	-	-	-
Vehicle loan	47.88	55.24	7.71	7.71	15.41	24.41	-
Trade and other payables	6,419.73	6,419.73	6,419.73	-	-	-	-
Other current financial liabilities	41,308.07	41,308.07	41,308.07	-	-	-	-

(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 2020, 31 March 2019 are as below:

	31 March 2020 USD	**31 March 2020 EURO**	**31 March 2020 BDT**
Financial assets			
Cash and cash equivalents	**0.17**	**0.59**	**-**
Trade and other receivables	**-**	**-**	**-**
	0.17	**0.59**	**-**
Financial liabilities			
Trade and other payables	**-**	**-**	**-**
	-	**-**	**-**

	31 March 2019 USD	31 March 2019 EURO	31 March 2019 BDT
Financial assets			
Cash and cash equivalents	0.16	0.55	-
Trade and other receivables	19.51	-	6.19
	19.67	0.55	6.19
Financial liabilities			
Trade and other payables	-	-	-
	-	-	-

(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 2020	31 March 2019
USD 1	**75.37**	69.17
EUR 1	**83.08**	77.70
BDT 1	**NA**	0.83

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**	
31 March 2020				
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)**

	Profit / (loss)		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	
31 March 2019				
USD - 1% Movement	0.00	0.00	0.00	0.00
EUR - 1% Movement	0.01	(0.01)	0.00	(0.00)
	0.01	(0.01)	0.00	(0.00)

*Amount is appearing as Rs. 0.00 since the balance is below Rs. 500

(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 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 Group's exposure to the risk of changes in market interest rates primarily to the Group's borrowings with floating 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 2020	31 March 2019
Borrowings		
Fixed rate borrowings	**26,434.72**	39,295.38
Variable rate borrowings	**8,787.58**	11,317.97
Total	**35,222.30**	50,613.35

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**
31 March 2020				
Variable-rate instruments	(87.88)	87.88	(65.03)	65.03
Cash flow sensitivity (net)	(87.88)	87.88	(65.03)	65.03
31 March 2019				
Variable-rate instruments	(113.18)	113.18	(83.75)	83.75
Cash flow sensitivity (net)	(113.18)	113.18	(83.75)	83.75

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.

Notes to the consolidated financial statements *(Continued)*
For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

35 Capital Management

The Group'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 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 2020	31 March 2019
Total liabilities	**84,434.10**	102,820.68
Gross Debt	**84,434.10**	102,820.68
Less - Cash and Cash Equivalents	**(19,841.15)**	(48,521.93)
Less - Other Bank Deposits	**(15,154.93)**	(4,372.98)
Adjusted Net debt	**49,438.02**	49,925.77
Total equity	**21,781.77**	23,937.16
Adjusted Net debt to equity ratio	**2.27**	2.09

Currency: Indian Rupees in lakhs

36 Restatement of financial statements

The Group has restated the financials of 31 March 2019 & 1 April 2018 in order to consider the effects of the below mentioned adjustments

1. Interest payable (Cumulative Preference Dividend)

The Group has issued Series A, Series B and Series C Preference shares to three different parties. The parties agreed that, aggregate accrued dividend in the amounts of INR 1,959.38 lakhs, INR 2.30 lakhs and INR 3,604.93 lakhs are currently payable by the Company to the Series A Investors, Series B Investors and Series C Investors, respectively (Past Dividend Amount).

The parties agree that the Past Dividend Amounts shall be paid in accordance with applicable Laws after the Effective Date as and when the Company has sufficient funds to make such payment, whether in full or in part, and each of the parties hereby agrees to exercise all of its voting rights, and to cause its nominated Directors to vote, in favour of such payment. The parties further agree that 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. On and from the Effective Date,

(i) 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

(ii) the Company shall not, after full payment of Past Dividend Amounts, declare any dividend that is payable only to a select class of Shareholders.

Past Dividend Amount was wrongly disclosed as contingent liability in the financial statements. However, considering the facts provided above, such Past Dividend Amount shall be accounted for as a financial liability and initially measured at fair value. Subsequently it shall be classified under amortised cost for its subsequent measurement. The Company has identified this adjustment as a prior period error and restated the financial statements to rectify the error by providing a balance sheet as at the opening date of earliest comparative period presented i.e. 1 April 2018.

Impact of Financial Statements

Total impact of measuring Past Dividend Amount liability at fair value on retained earnings as on 1 April 2018 is INR 5566.65 lakhs by creating a financial liability of equivalent amount.

2. Share warrants

Two parties held warrants that entitled them to convert each warrant into one Equity Share at an exercise price of Rs. 10 (Rupees Ten) per share at their option (convertible instrument). Parties agree that notwithstanding anything contained in the Articles of Association, in the event the Company is proposing to undertake an IPO, parties shall, upon notice by the Company, exercise the Warrants before the date of filing of the red herring prospectus of the Company or such other date (“Expiry Date”) by which all convertible instruments are required to be converted pursuant to applicable regulations, or allow such warrants to lapse/expire on the Expiry Date.

Such Share warrants are convertible in to fixed number of equity instruments at the option of the parties either at any time before 'IPO' or 'Expiry date' upon notice given by the Company and thus contains only equity feature. However, those have been wrongly classified as compound financial instruments and presented at fair value of liability with market rate of interest with residual portion in equity.

Impact on Financial Statements

The Company has identified this adjustment as a prior period error and restated the financial statements to rectify the error by providing a balance sheet as at the opening date of earliest comparative period presented i.e. 1 April 2018. Total positive impact of classifying the amount liability to other equity as on 1 April 2018 is INR 550 lakhs.

Balance sheet (extract)	**31 March 2019 (As originally presented)**	**Increase/ (Decrease)**	**1 April 2019 (Restated)**	**31 March 2018 (As originally presented)**	**Increase/ (Decrease)**	**1 April 2018 (Restated)**
Financial Liabilities - Current						
Borrowings	12,962.28	(550.00)	12,412.28	9,716.40	(550.00)	9,166.40
Other financial liabilities	54,039.32	5,566.65	59,605.97	31,130.32	5,566.65	36,696.97
Total Liabilities	97,804.03	5,016.65	102,820.68	83,510.32	5,016.65	88,526.97
Equity attributable to equity holders of the Company	28,941.86	(5,016.65)	23,925.21	35,585.88	(5,016.65)	30,569.23

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

37 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Group 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 Group’s employees are granted an option to acquire equity shares of the Group 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 during the year ended 31 March 2020 was INR 100 (31 March 2019 : INR 104.51). 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.

Currency: Indian Rupees in lakhs

37 Share-based payment arrangements: *(Continued)*

Grant date	Exercise price	Share options 31 March 2020	Share options 31 March 2019
1-Jan-07	10.00	**100,000**	100,000
03-Sep -07 to 01 Apr-09	20.00	**1,086,000**	1,106,000
1-Aug-10	30.00	**495,000**	505,000
01-Oct-11 to 01-Mar-12	75.00	**869,000**	909,000
01-Aug-12 to 01-Dec-15	80.00	**2,488,250**	2,520,750
01-Apr-16 to 01-Dec-16	70.64	**439,000**	504,000
06-Aug-17 to 03-Apr-18	100.00	**1,586,250**	1,640,000
01-Aug-18 to 01-Mar-19	105.00	**537,500**	560,000
1-Jul-19	100.00	**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.

	31 March 2020	31 March 2019			
Grant date	1-Jul-19	1-Mar-19	30-Aug-18	1-Aug-18	3-Apr-18
Fair value at grant date	INR 22.89- Year 1 INR 28.02- Year 2 INR 32.80 - Year 3 INR 37.26 - Year 4	INR 25.33 - Year 1 INR 30.85 - Year 2 INR 36.01 - Year 3 INR 40.84 - Year 4	INR 25.28 - Year 1 INR 31.15 - Year 2 INR 36.57 - Year 3 INR 41.59 - Year 4	INR 25.00 - Year 1 INR 30.86 - Year 2 INR 36.27 - Year 3 INR 41.27 - Year 4	INR 26.74 - Year 1 INR 32.23 - Year 2 INR 37.37 - Year 3 INR 42.17 - Year 4
Share price at grant date	100.00	105.00	104.50	104.50	104.50
Exercise price	100.00	105.00	105.00	105.00	100.00
Expected volatility (weighted-average)	20.00%	20.00%	18.00%	18.00%	18.00%
Expected life (weighted-average)	4.50	4.50	4.50	4.50	4.50
Expected dividends	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate (based on government bonds)	6.2% - 6.6%	6.7% - 7%	7.5%-7.7%	7.3%-7.6%	6.7% - 7.1%

The following table lists the average inputs to the models used for the plans for the year ended 31 March 2020.

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.

Currency: Indian Rupees in lakhs

37 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 2020

Particulars	**31-Mar-20**		31-Mar-19	
	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	**72.21**	**7,844,750**	70.96	8,319,750
Add: Options granted during the year	**100.00**	**980,000**	104.24	660,000
Less: Options exercised during the year	**66.18**	**121,250**	64.67	374,000
Less: Options lapsed during the year	**88.85**	**147,500**	89.95	761,000
Options outstanding as at the year end	**75.20**	**8,556,000**	72.21	7,844,750
Options exercisable as at the year end	**67.35**	**6,548,500**	63.76	5,942,250

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 266.55 lakhs (31 March 2019: INR 139.05 lakhs)

(Currency: Indian Rupees in lakhs)

38 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 599.07 lakhs for 31 March 2020 (31 March 2019 : 695.82 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 15 days are encashed at the end of financial year on the basic salary. Encashment of more than 15 days of leave is not permitted. Leave balance over 15 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:

		Gratuity		**Compensated absences**	
	Note	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
Liability at the end of the year	19, 25	**962.22**	758.81	**104.73**	173.60
Fair value of Plan Assets at the end of the year		-	-	-	-
Net Obligation at the end of the year		**962.22**	758.81	**104.73**	173.60

(Currency: Indian Rupees in lakhs)

38 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:

	Gratuity					
	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit (asset) liability**	
	31 March 2020	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
Opening balance	**758.80**	682.00	**-**	-	**758.80**	682.00
Included in profit or loss						
Current service cost	**140.85**	115.78	**-**	-	**140.85**	115.78
Past service cost	**-**	-	**-**	-	**-**	-
Interest cost (income)	**51.37**	46.12	**-**	-	**51.37**	46.12
	951.02	843.90	**-**	-	**951.02**	843.90
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	**(11.04)**	-	**-**	-	**(11.04)**	-
Financial assumptions	**51.86**	3.32	**-**	-	**51.86**	3.32
Experience adjustment	**89.32**	37.50	**-**	-	**89.32**	37.50
	1,081.16	884.72	**-**	-	**1,081.16**	884.72
Other						
Contributions paid by the employer						
Benefits paid	**(118.95)**	(125.92)	-	-	**(118.95)**	(125.92)
Closing balance	**962.21**	758.80	-	-	**962.21**	758.80

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 2020	31 March 2019
Discount rate	4.95%-6.75%	6.25% - 7%
Expected Rate of Return on Plan Assets	-	
Salary escalation rate	9.4% -11.3 % for first 2 years and 8% thereafter	8.30%-9.60%
Employee Turnover	7%-60%	22.00%-54.00%
Mortality rate	100% of IALM 2012-14	IALM 2006-08 Ultimate

(Currency: Indian Rupees in lakhs)

38 Employee benefits *(Continued)*

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				Compensated absences			
	31 March 2020		31 March 2019		**31 March 2020**		31 March 2019	
	Increase	**Decrease**	Increase	Decrease	**Increase**	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(27.52)**	**29.76**	(18.43)	19.39	**(2.58)**	**2.73**	169.52	177.89
Future salary growth (1% movement)	**28.35**	**(26.74)**	18.73	(18.15)	**2.60**	**(2.51)**	177.75	169.58
Withdrawal rate (1% movement)	**(4.88)**	**5.11**	(3.95)	4.09	**(0.23)**	**0.21**	173.33	173.89

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 2020 were as follows

Expected future benefit payments	
31 March 2021	367.76
31 March 2022	244.82
31 March 2023	161.30
31 March 2024	104.57
31 March 2025	67.32
Thereafter	235.52

Note 39 : Leases

Right-of-use (ROU) asset

Changes in accounting policies

The Group applied Ind AS 116 with a date of initial application of 1 April 2019, which is company's date of transition to Ind AS.

The Group applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019.

Definition of lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under Appendix C of Ind AS 17. Under Ind AS 116, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in accounting policies.

On transition to Ind AS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 and Appendix C of Ind AS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or modified on or after 1 April 2019.

A. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases . For leases of other assets, which were classified as operating under Ind AS 16, the Group recognised right-of-use assets and lease liabilities.

Leases classified as operating leases under Ind AS 17

The Group used the following practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Adjusted the right-of-use assets by the amount of Ind AS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

FINO PayTech Limited

Notes to the financial statements (continued)
For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

Note 39 : Leases *(Continued)*

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

B. Impacts on financial statements

On transition to Ind AS 116, the Group recognised an additional INR 19,11,74,714 of right-of-use assets, INR 22,98,77,627 of lease liabilities, recognising the difference in retained earnings amounting to INR 3,05,49,173. Also there is regrouping of prepaid rentals on account of fair valuation of interest free security deposits on leases to right-of-use asset.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 13.50%.

Particulars	Building	Office Equipment	Total
Gross Block			
Opening balance as on 1 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**
Accumulated depreciation			
Opening balance as on 1 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**
Net block	**3,745.05**	**352.87**	**4,097.92**

Lease liabilities included in the balance sheet	As at 31 March 2020
Current	**3,528.21**
Non-current	**983.35**
	4,511.56

Amounts recognised in the statement of profit and loss	For the year ended 31 March 2020
Interest on lease liabilities	**470.45**
Expenses relating to short-term leases	**838.51**
Total	**1,308.96**

The maturity analysis of lease liabilities are disclosed in Note no. 34 of Financial instruments-Liquidity risk.

(Currency: Indian Rupees in lakhs)

40 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group 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 Group 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 2020	31 March 2019
i. Profit attributable to Equity holders of Company		
Profit attributable to equity holders of the Company:	**(2,121.56)**	(7,343.92)
Profit attributable to equity holders of the Company for basic earnings	**(2,121.56)**	(7,343.92)
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**(2,121.56)**	(7,343.92)
ii. Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	**98,533,410**	98,088,410
Effect of shares issued for cash	**37,116**	281,303
Weighted average number of shares at 31 March	**98,570,526**	98,369,713
Convertible preference shares	**23,831,215**	23,831,215
Share warrants	**5,500,000**	5,500,000
Weighted average number of shares at 31 March for basic EPS	**127,901,741**	127,700,928
Weighted average number of shares at 31 March	**127,901,741**	127,700,928
Add: Potential Equity Shares	**2,686,590**	2,449,440
Weighted average number of shares at 31 March for diluted EPS	**130,588,331**	130,150,368

	31 March 2020	31 March 2019
Basic earnings per share	**(1.66)**	(5.75)
Diluted earnings per share	**(1.66)**	(5.75)

Notes to the consolidated financial statements *(Continued)*

For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

41 Tax expense

(a) Amounts recognised in profit and loss

	31 March 2020	31 March 2019
Current income tax		
Current period (A)	**48.38**	73.25
Changes in estimated related to prior years (B)	-	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**65.53**	1,864.38
Change in recognised deductible temporary	-	-
Deferred tax expense (C)	**65.53**	1,864.38
Tax expense for the year (A)+(B)+(C)	**113.91**	1,937.63

(b) Amounts recognised in other comprehensive income

	Year ended 31 March 2020			Year ended 31 March 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of defined benefit liability (asset)	**(130.14)**	-	**(130.14)**	(40.82)	7.83	(32.99)
Equity investments through other comprehensive income - net change in fair value	-	-	-	236.81	(61.57)	175.24
Items that will be reclassified to profit or loss						
Investments measured at FVOCI	**10.31**	-	**10.31**	1.43	-	1.43
	(119.83)	-	**(119.83)**	197.42	(53.74)	143.68

(c) Reconciliation of effective tax rate

	Year ended 31 March 2020	Year ended 31 March 2019
Profit before tax	**(1,985.73)**	(5,395.08)
Tax using the Company's domestic tax rate	**(516.29)**	(1,402.72)
Tax effect of:		
Tax impact of income not subject to tax	**(481.91)**	(500.65)
Tax effects of amounts which are not deductible for taxable income	**881.60**	574.85
Tax effect on items on which no deferred tax was recognized	**100.65**	201.24
Deferred tax assets not recognized because realization is not probable	**414.27**	3,221.10
Effect of permanent difference on utilization of loss	**(346.08)**	(22.19)
Reversal of deferred tax asset on account of reasonable certainty	**65.53**	-
MAT Credit entitlement recognised during the year	-	(65.53)
Expenses deductible in determining taxable book profits	-	(690.19)
Expenses not deductible in determining taxable book profits	-	607.24
Effect of different tax rate	-	(0.44)
Others	**(3.86)**	14.92
	113.91	1,937.63

(Currency: Indian Rupees in lakhs)

41 Tax expense *(Continued)*

(d) Movement in deferred tax balances

	31 March 2020						
	Net balance April 1, 2019	**Recognised in profit or loss**	**Recognised in OCI**	**Other**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset							
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**	**-**
Tax assets (Liabilities)	**1,833.53**	**(65.53)**	**-**	**-**	**1,768.00**	**1,852.30**	**(84.30)**
Set off tax	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net tax assets	**1,833.53**	**(65.53)**	**-**	**-**	**1,768.00**	**1,852.30**	**(84.30)**

(e) Movement in deferred tax balances

	31 March 2019						
	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	505.49	(86.05)	-	-	419.44	419.44	-
Loans	201.61	(201.61)	-	-	-	-	-
Security deposits	0.39	(0.31)	-	-	0.08	0.08	-
Borrowings	(188.93)	188.93	-	-	-	-	-
Provisions	2,513.42	(1,116.56)	7.83	-	1,404.69	1,404.69	-
Brought forward losses and unabsorbed depreciation	693.15	(693.15)	-	-	-	-	-
Equity instrument through OCI	-	(0.00)	(61.57)	-	(61.57)	-	(61.57)
Other items	26.53	44.37	-	-	70.89	70.89	-
Tax assets (Liabilities)	3,751.66	(1,864.38)	(53.74)	-	1,833.53	1,895.10	(61.57)
Set off tax							
Net tax assets	3,751.66	(1,864.38)	(53.74)	-	1,833.53	1,895.10	(61.57)

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.

(Currency: Indian Rupees in lakhs)

41 Tax expense *(Continued)*

Tax losses carried forward

	31 March 2020	**Expiry date**	31 March 2019	Expiry date
Expire	**107.12**	**3/31/2020**	93.74	31/03/2019
	1,697.09	**3/31/2022**	1,680.52	31/03/2020
	1,211.17	**3/31/2023**	1,193.02	31/03/2022
	4,428.85	**3/31/2024**	4,428.85	31/03/2023
	4,155.29	**3/31/2025**	4,155.29	31/03/2024
	10,912.33	**3/31/2026**	11,916.90	31/03/2026
	5,593.27	**3/31/2027**		
	28,105.12		23,468.32	

Tax Credits carried forward

	31 March 2020	**Expiry date**	31 March 2019	Expiry date
Expire				
MAT Credit entitlement	259.40	3/31/2026	259.40	3/31/2026
	259.40		259.40	

Deferred tax asset on tax losses	-
Deferred tax asset on unabsorbed depreciation	-
Deferred tax asset on MAT credit	-
Total	**-**

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 thereform:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Deductible temporary differences [Gross amount]	**1,984.73**	1,573.52
MAT credit entitlement	**-**	259.40
Tax losses [Gross amount]	**7,825.50**	8,486.07
	9,810.23	10,318.99

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

42 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
Parent								
FINO PayTech Limited	74.06%	58,716.12	-38.11%	805.99	31.74%	(38.03)	-34.36%	767.96
Subsidiaries								
Indian								
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 Serivces 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
Total	**100.00%**	**79,276.59**	**100.00%**	**(2,115.03)**	**100.01%**	**(119.83)**	**100.00%**	**(2,234.86)**
Adjustments arising out of consolidation		(57,494.82)		15.39		-		15.39
As at 31 March 2020		**21,781.77**		**(2,099.64)**		**(119.83)**		**(2,219.47)**

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
Parent								
FINO PayTech Limited	70.95%	57,601.39	12.62%	(922.79)	124.19%	178.43	10.38%	(744.36)
Subsidiaries								
Indian								
FINO Payments Bank Limited	19.73%	16,020.91	86.43%	(6,319.56)	-6.45%	(9.27)	88.29%	(6,328.83)
FINO Finance Private Limited	9.29%	7,546.36	1.25%	(91.38)	-17.73%	(25.48)	1.63%	(116.86)
FINO Trusteeship Services Limited	0.01%	11.48	-0.15%	10.77	0.00%	-	-0.15%	10.77
FINO Financial Serivces Private Limited	0.00%	(1.68)	0.01%	(0.43)	0.00%	-	0.01%	(0.43)
Non-controlling interests in all subsidiaries	0.01%	11.95	-0.15%	11.21	0.00%	-	-0.16%	11.21
Total	**100.00%**	**81,190.41**	**100.00%**	**(7,312.18)**	**100.00%**	**143.68**	**100.00%**	**(7,168.50)**
Adjustments arising out of consolidation		(57,253.25)		(20.53)		-		(20.53)
As at 31 March 2019		**23,937.16**		**(7,332.71)**		**143.68**		**(7,189.03)**

Notes to the consolidated financial statements *(Continued)*

For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

43 Related Party Disclosures

A. Names of Related Parties

Sr. No.	Particulars	Country of Incorporation	Proportion of ownership interest
1	**Subsidiary Companies**		
	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%
	Names of related parties by whom significant influence is exercised		
	Bharat Petroleum Corporation Limited	India	28.82%
	Key Management Personnel		
	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		
	Rishi Daultani - Chief financial officer, Resigned w.e.f. 07th October 2019		
	Ramakrishna Gupta Vesta - Nominee Director of Bharat Petroleum Corporation Limited (BPCL) , Appointed w.e.f. 28th May 2019		

B. Transactions with key management personnel

i. Key management personnel compensation

Sr. No.	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i.	Short-term employee benefits	-	19.73
ii.	Post-employment defined benefit	-	2.73
iii.	Share based payments	-	-
iv.	Compensated absences	-	-

Notes to the consolidated financial statements *(Continued)*

For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

43 Related party relationships, transactions and balances

Note 43 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			
March 31, 2020	14.39	-	14.39
March 31, 2019	36.71	-	36.71
Sale of Services			
March 31, 2020	313.56	-	313.56
March 31, 2019	-	-	-
Loans given			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Loans repaid			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Interest on loan			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Salary and allowances			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Balance Outstanding			
Trade Receivables			
March 31, 2020	370.00	-	370.00
March 31, 2019	-	-	-
Share warrants			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Bank balances			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Other payables			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Vehicle loan			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Loan			
March 31, 2020	-	-	-
March 31, 2019	-	-	-
Equity shares held in Intrepid			
March 31, 2020	-	-	-
March 31, 2019	-	-	-

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.

(Currency: Indian Rupees in lakhs)

44 Contingent liabilities

	31 March 2020	31 March 2019
a. Contingent liabilities		
(i) Arrears of preference share dividend	-	-
(ii) Value added tax and entry tax	**752.00**	976.70
(iii) Navi mumbai municipal corporation cess	**54.18**	54.18
(iv) Credit enhancements provided towards asset securitisation in the form of cash collaterals	-	162.44
(v) Corporate guarantee issued on behalf of subsidiaries	**5,852.32**	5,498.28
(iv) Performance security provided	-	-
(v) Income tax notice u/s 143(3)	**65.78**	65.78
(vi) Credit enhancements provided towards business correspondent arrangement in the form of cash collaterals	-	532.92
(vii) Employer's contribution to PF (Supreme Court (SC) judgment dated 28th February, 2019)*	**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.

* There are numerous interpretative issues relating to the Supreme Court (SC) Judgement dated 28 February 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under EPF Act. The company is in process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

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. The group has been contesting this claim and is of the view that the demand in excess of INR 48.03 lakhs was not tenable. Hence, the group has created a provision of INR 48.03 lakhs towards the obligation. Currently, the Commissioner Appeals has remanded back the case to assessing officer for fresh hearing.

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 & 13-14 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 752.00 Lakhs against which the group has paid INR 179.45 lakhs under protest.

As a result of assessment proceedings under income tax act, there is an addition in income majorly on account of agent security deposit. Total demand raised by the department is INR 65.78 lakhs and the group has paid INR 14.44 Lakhs under protest. The group has assumed contingent liability for the aforesaid litigations.

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

b. Capital Commitments
The Group has capital commitments of INR 15.96 lakhs at 31 March 2020 (31 March 2019: INR 81.27 lakhs).

45 Details of Dues to micro, small and medium suppliers

	31 March 2020	31 March 2019
Dues to micro and small suppliers		
a. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	-	2.49
- 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.	-	-

Notes to the consolidated financial statements *(Continued)*
For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

46 Foreign currency transactions

Expenditure in foreign currency	**31 March 2020**	31 March 2019
Director sitting fees	**10.75**	6.93
Membership fees	**10.53**	18.85
Miscellaneous expenses	**75.66**	18.02
Legal and professional fees	**10.71**	7.50
AMC	**14.98**	-
	122.63	51.30
Income earned in foreign currency		
Sale of services	-	-
Other non operating income	-	-
	-	-

47 Corporate social responsibility

Particulars	**31 March 2020**	31 March 2019
1) Amount required to be spent as per section 135 of the Companies Act, 2013:	-	20.07
2) Amount spent during the year		
(i) Construction/acquisition of any asset	-	-
(ii) on purposes other than (i) above*	-	11.91
Total	**-**	11.91

Notes to the consolidated financial statements *(Continued)*

For the year ended 31 March 2020

(Currency: Indian Rupees in lakhs)

48 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 though 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 2020	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019	**31 March 2020**	31 March 2019
1	**Segment Revenue**										
	External Turnover	18,550.96	21551.74	10,136.33	13,571.03	54,972.06	18,483.91	-	-	83,659.35	53,606.68
	Inter Segment Turnover	(332.26)	(90.47)	(514.13)	(792.48)	(76.17)	-	-	-	(922.56)	(882.95)
	Total Turnover	**18,218.70**	21,461.27	**9,622.20**	12,778.55	**54,895.89**	18,483.91	**-**	-	**82,736.79**	52,723.73
	Other Income	1,473.50	77.90	514.74	9.13	448.34	470.13	175.92	1,482.62	2,612.50	2,039.78
	Inter Segment Turnover	-	-	-	-	-	-	(58.00)	(24.41)	(58.00)	(24.41)
	Total Income	**19,692.20**	21,539.17	**10,136.94**	12,787.68	**55,344.23**	18,954.04	**117.92**	1,458.21	**85,291.29**	54,739.10
2	**Segment Result before Interest and Taxes**	2,958.88	9,010.93	4,883.63	5,560.58	5,715.95	194.45	129.76	1,495.25	13,688.22	16,261.21
	Less : Interest Expense	1,007.72	909.04	4,195.95	5,529.83	451.20	123.99	(14.35)	0.10	5,640.52	6,562.96
	Less : Unallocated Expenses	-	-	-	-	-	-	-	-	10,033.43	15,093.32
	Profit Before Tax	**1,951.16**	8,101.89	**687.68**	30.75	**5,264.75**	70.46	**144.11**	1,495.15	**(1,985.73)**	(5,395.07)
	Tax	33.28	1,308.20	65.53	621.72	-	-	15.10	7.72	113.91	1,937.64
	Profit After Tax	**1,917.88**	6,793.69	**622.15**	(590.97)	**5,264.75**	70.46	**129.01**	1,487.43	**(2,099.64)**	(7,332.71)
3	**Other Information**										
	Segment Assets	29,151.05	33,507.21	32,797.23	49,997.72	36,228.98	35,938.01	15.02	48.71	98,192.28	119,491.65
	Add: Unallocated corporate assets	-	-	-	-	-	-	-	-	8,023.59	7,266.19
	Total segment assets									**106,215.87**	126,757.84
	Segment Liabilities	21,961.72	21,645.56	24,910.98	41,794.62	30,801.12	30,191.05	3.99	11.00	77,677.81	93,642.23
	Add: Unallocated corporate liabilities	-	-	-	-	-	-	-	-	6,756.29	9,178.45
	Total segment liabilities									**84,434.10**	102,820.68
	Depreciation and amortization expense									**3,730.12**	2,456.17

(Currency: Indian Rupees in lakhs)

49 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 recognise 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 :

31 March 2020	**Loans to Joint liability group**	**Credit enhancements**
Carrying amount of assets	(0.00)	-
Carrying amount of associated liabilities	0.00	-

31 March 2019	Loans to Joint liability group	Credit enhancements
Carrying amount of assets	521.42	185.65
Carrying amount of associated liabilities	291.71	-

(Currency: Indian Rupees in lakhs)

50 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 2020 & 31 March 2019.

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**
31 March 2020						
Financial assets						
Bank balances other than cash and cash equivalents	-	-	-	-	-	-
Total	-	-	-	-	-	-
Financial liabilities						
Long term borrowings	-	-	-	-	-	-
Total	-	-	-	-	-	-

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
31 March 2019						
Financial assets						
Bank balances other than cash and cash equivalents	185.65	-	185.65	(185.65)	-	-
Total	185.65	-	185.65	(185.65)	-	-
Financial liabilities						
Long term borrowings	291.71	-	291.71	(185.65)	-	106.06
Total	291.71	-	291.71	(185.65)	-	106.06

51 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 2020**	Total Assets 31 March 2019
Securitisation vehicle for loans and advances	To generate:			
	- Funding for the Company's lending activities	- Credit enhancements placed with the SPV's	-	185.65

(Currency: Indian Rupees in lakhs)

52 Subsequent Events

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

53 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. The group has been contesting this claim and is of the view that the demand in excess of INR 48.03 lakhs was not tenable. Hence, the group has created a provision of INR 48.03 lakhs towards the obligation. Currently, the Commissioner Appeals has remanded back the case to assessing officer for fresh hearing.

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 & 13-14 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 752.00 Lakhs against which the group has paid INR 179.45 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, there is an addition in income majorly on account of agent security deposit. Total demand raised by the department is INR 65.78 lakhs and the group has paid INR 14.44 Lakhs under protest. The group has assumed contingent liability for the aforesaid litigations.

There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The Bank is in the process of evaluating the method of computation of its PF contribution prospectively and would record any further effect in its financial statements, on receiving additional clarity on the subject.

54 COVID-19

In assessing the recoverability of receivables including trade receivables and investments, the company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts and based on current indicators of future economic conditions, the company expects to recover the carrying amount of these assets. The extent to which the COVID-19 pandemic will impact the company's results will depend on future developments, which are highly uncertain and the company will continue to closely monitor any material changes to future economic conditions.
In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020, the lending institutions have been permitted to grant a moratorium of six months on payment of all installments and / or interest, as applicable, falling due between 1 March 2020 and 31 August 2020 ('moratorium period') to eligible borrowers in accordance with the Board approved policy. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period.

The Group holds provisions as at 31 March 2020 against the potential impact of COVID-19 based on the information available at this point in time.

Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package.

Particulars	**31-Mar-20**
i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	1,086.45
ii) Respective amount where asset classification benefits is extended	1,086.45
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.

(Currency: Indian Rupees in lakhs)

55 Impairment testing of Goodwill

For the purposes of impairment testing, goodwill has been allocated as follows:

	As at 31 March 2020	As at 31 March 2019
Acquisition of the lending business	**716.66**	716.66
Less: Impairment loss	**-**	-
Total	**716.66**	716.66

The recoverable amount was based on fair value using price to book value. 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 historical data from external sources.

	As at 31 March 2020	As at 31 March 2019
Price to book value multiple	**1.80**	1.82

The price to book value ratio is estimated basis of the average multiple of listed non-banking financial companies.

ii. Sensitivity analysis

Change in recoverable amount of Goodwill	**As at 31 March 2020**	As at 31 March 2019
Increase by 5% of price to book value multiple	**707.87**	801.64
Decrease by 5% of price to book value multiple	**(707.87)**	(801.64)

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.

56 Revenue from contract with customers

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

Notes to the consolidated financial statements (Continued)

For the year ended 31 March 2020

Currency: Indian Rupees in lakhs

56 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 2020**	Year ended 31 March 2019
Corporate		
Sale of products	**2,314.63**	2,855.06
CBS Services, enrollment income and other services	**3,826.72**	2,199.24
BC Banking	**12,077.35**	16,406.95
	18,218.70	21,461.25
Retail		
Sale products		
Other services description		
Cash management services	**1,450.47**	908.05
Insurance	**112.36**	219.31
Remittances	**59.65**	549.89
Commission, exchange and brokerage	**51,607.96**	14,859.91
Miscellaneous income	**1,665.45**	1,946.77
	54,895.89	18,483.93
Income other than lending business	**73,114.59**	39,945.18
Interest income	**6,502.33**	10,113.14
Excess interest spread on direct assignment	**121.18**	-
Others	**2,998.69**	2,665.41
Income from lending business	**9,622.20**	12,778.55
Total revenue from operations	**82,736.79**	52,723.73
Timing of revenue recognition		
Products transferred at point in time	**2,314.63**	2,855.06
Services transferred over the period of time	**73,798.65**	39,755.53
Recognised as per Ind AS 109	**6,623.51**	10,113.14
	82,736.79	52,723.73

Currency: Indian Rupees in lakhs

56 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 Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group 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, 2020, other than those meeting the exclusion criteria mentioned above, is 53.20 lakh (March 2019: 11.55 lakh). Out of this, the Group expects to recognize revenue of around 47% (March 2019: 45%) 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

Sd /-
Tushar Kurani
Partner
Membership No: 118580

Mumbai
28 May 2020

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

Sd /-
Ashok Kini
Non-Executive Chairman & Independent Director
DIN 00812946

Sd /-
Sudeep Gupta
Whole-time Director
DIN 07899859

Sd /-
Praveer Kumar
Chief Financial Officer

Sd /-
Riya Devulkar
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	6,776.97	8,549.30	61.43	(3.20)
6.	Total assets	32,795.62	62400.16	549.81	0.03
7.	Total Liabilities	24,910.97	49,392.86	483.38	2.23
8.	Investments	-	-	-	-
9.	Turnover	10,649.51	69139.73	60.98	-
10.	Profit before taxation	529.77	(3203.62)	58.09	(0.52)
11. `	Provision for taxation	65.53	-	15.10	-
12.	Profit after taxation	464.24	(3203.62)	42.99	(0.52)
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

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures-

Fino Trusteeship Services Limited	**Particulars**
1. Latest audited Balance Sheet Date	31.03.2020
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. 66.43 Lakhs
6. Profit/(Loss) for the year	Rs. 42.99Lakhs
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