FINO PAYTECH LIMITED

Annual Report for the F.Y. 2023-2024

BOARD'S REPORT

Dear Members,

Your Board of Directors is pleased to present the Eighteenth (18th) Annual Report of Fino PayTech Limited ("Company") together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended March 31, 2024.

FINANCIAL HIGHLIGHTS AND PERFORMANCE

The highlights of the financial performance of the Company for the financial year ended March 31, 2024 as compared to the previous financial year are as under:

(₹ in Lakhs)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2023-24	2022-23	2023-24	2022-23
Net Sales and other income	2,015.61	5,973.11	149,739.52	129,130.12
Profit/(Loss) before Interest, Depreciation and Tax	(464.67)	(4,193.30)	22,846.87	16,689.69
Finance Charges	114.00	133.23	5793.99	3592.89
Interest on Deposits	-	-	2775.80	1822.48
Depreciation	260.36	203.51	6,321.25	5,044.06
Profit/(Loss) before Tax and prior period items	(839.03)	(4,530.04)	7,955.83	6,230.26
Profit/(Loss) before Tax	(839.03)	(4,530.04)	7,955.83	6,230.26
Tax expenses:				
Current tax	31.51	-	50.31	37.26
Tax provision for earlier years	(111.61)	-	(143.25)	-
Deferred	(34.60)	1,181.80	(34.60)	1,181.80
Net Profit/(Loss) after Tax	(724.33)	(5,711.84)	8,083.37	5,011.20
Other Comprehensive Income	0.11	1.22	182.95	(136.79)
Balance of Profit /(Loss) carried forward to next year	(724.22)	(5,710.62)	8,266.32	4,874.41

The revenue of the Company was ₹2015.61 lakhs for the year ended March 31, 2024 as compared to ₹5973.11 lakhs in previous year. The Company's Loss before tax was ₹839.03 lakhs as against ₹4,530.04 lakhs loss in the previous year.

DIVIDEND

Your Board of Directors has expressed their inability to recommend dividend to the Shareholders due to loss for the financial year ended March 31, 2024.

CAPITAL STRUCTURE

Authorised Share Capital

During the year under review, the Company has not changed its Authorised Share Capital. As on March 31, 2024, the Authorised Share Capital of the Company was ₹1,70,00,00,000/- (Rupees one hundred and seventy crores only) comprising of 12,00,00,000 (Twelve crores) Equity Shares of ₹10/- (Rupees ten only) each aggregating to ₹120,00,00,000/- (Rupees one hundred and twenty crores only) and 5,00,00,000 (Five crores) Fully Compulsorily Convertible Preference Shares of ₹10/- (Rupees ten only) each aggregating to ₹50,00,00,000/- (Rupees fifty crores only).

Paid-up Share Capital

During the financial year 2023-24, 1,63,457 (One lakh sixty three thousand four hundred and fifty seven) Equity Shares of ₹10/- (Rupees ten only) each were allotted pursuant to exercise of stock options granted under Fino PayTech Limited Employees Stock Option Scheme-II, 2007.

As on March 31, 2024, the issued, subscribed and paid up capital of the Company was ₹1,27,57,24,200/- (Rupees one hundred and twenty seven crores fifty seven lakhs twenty four thousand and two hundred only) divided into 10,47,83,859 (Ten crores forty seven lakhs eighty three thousand eight hundred and fifty nine) Equity Shares of ₹10/- (Rupees ten only) each aggregating to ₹1,04,78,38,590/- (Rupees one hundred and four crores seventy eight lakhs thirty eight thousand five hundred and ninety only) and 2,27,88,561 (Two crores twenty seven lakhs eighty eight thousand five hundred and sixty one) Fully Compulsorily Convertible Preference Shares of ₹10/- (Rupees ten only) each aggregating to ₹22,78,85,610/- (Rupees twenty two crores seventy eight lakhs eighty five thousand six hundred and ten only).

MATERIAL CHANGES AND COMMITMENTS

Apart from the details given in this Report, there were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year March 31, 2024 and up to the date of this report.

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

PROPOSAL FOR GROUP CORPORATE RESTRUCTURING

During the year under review, the Company had sent letter to Fino Payments Bank Limited, Subsidiary Company, regarding group corporate restructuring proposal. The group corporate restructuring proposal, as and when approved by the Board, remains subject to approvals and consents as may be required from the regulators, statutory bodies and the relevant stakeholders under applicable law.

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

Your Company specializes in delivering technology-driven solutions and services aimed at enhancing financial inclusion. The Company operates a comprehensive business and banking technology platform, supported by extensive service delivery channels. Our clientele includes banks, microfinance institutions, government and non-government organizations, insurance companies and corporate entities.

Additionally, the Company is registered as an Authentication Service Agency ("ASA") with the Unique Identification Authority of India ("UIDAI"). This registration enables the Company to provide authentication services to various banks and government organizations.

HIGHLIGHTS OF THE PERFORMANCE OF COMPANY'S SUBSIDIARY COMPANIES AND ASSOCIATE COMPANY

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

The performance and financial position of subsidiary companies are detailed in statement containing salient features of the financial statements of subsidiary companies pursuant to Section 129 of the Act in Form AOC-1, the same is annexed as **Annexure-A** to the Board's Report.

The total revenue of Fino Trusteeship Services Limited during the year under review is ₹55.23 lakhs and Net Profit is ₹42.27 lakhs.

The total revenue from the operation of Fino Finance Private Limited during the year under review is ₹226.47 lakhs and Net Loss is ₹344.94 lakhs.

The total revenue from the operation of Fino Financial Services Private Limited during the year under review is ₹0 and Net Loss is ₹0.76 lakhs.

The total revenue from the operation of Fino Payments Bank Limited during the year under review is ₹147,838.11 lakhs and Net Profit is ₹8,622.40 lakhs.

Detail of Subsidiary Companies

Sr. No.	Name of the Company	Status
1.	Fino Trusteeship Services Limited*	Wholly-owned Subsidiary
2.	Fino Finance Private Limited	Wholly-owned Subsidiary
3.	Fino Financial Services Private Limited	Wholly-owned Subsidiary
4.	Fino Payments Bank Limited	Subsidiary

*During the year under review, the Company has acquired balance 51% shares of Fino Trusteeship Services Limited, as a result of acquisition, Fino Trusteeship Services Limited has become the wholly-owned subsidiary of your Company.

The Financial Statements of Fino Trusteeship Services Limited, Fino Finance Private Limited and Fino Financial Services Private Limited (Wholly-owned Subsidiary Companies), and Fino Payments Bank Limited (Subsidiary Company) forms part of the Consolidated Financial Statements of the Company.

Bharat Petroleum Corporation Limited's ("BPCL") investment in the Company is 21.94% (as on March 31, 2024 on non-diluted basis), therefore, your Company is an Associate Company of BPCL.

TRANSFER TO RESERVES

During the year under review, no amount was transferred to the reserves.

BOARD OF DIRECTORS' AND KEY MANAGERIAL PERSONNEL

As on March 31, 2024, the Composition of the Board of the Directors of the Company was in compliance with the provisions of the Act.

The Board of the Company is duly constituted with an optimum combination of Executive and Non-Executive Directors including Independent Directors and Women Director. The changes in the composition of Board that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Appointment of Directors made during the financial year 2023-24:

Based on the recommendation of the Nomination and Remuneration Committee ("NRC"), the Board approved the appointment of the following Directors during financial year 2023-24:

1. Mr. Rajeev Deoras (DIN: 02879519) was appointed by the Board as an Additional Director in the capacity of Independent Director for a term of three (3) years with effect from November 25, 2022, not liable to retire by rotation, subject to approval of Members. The Members at the 17th Annual General Meeting held on September 29, 2023, approved the appointment of Mr. Rajeev Deoras as an Independent Director of the Company for a term of three (3) consecutive years with effect from November 25, 2022 to November 24, 2025 (both days inclusive).

   The Board of Directors at its meeting held on June 28, 2023 has appointed Mr. Rajeev Deoras as Non-executive Chairman of the Board.

2. Dr. Apurva Joshi (DIN: 06608172) was appointed by the Board as an Additional Director in the capacity of Independent Director for a term of three (3) years with effect from November 25, 2022, not liable to retire by rotation, subject to approval of Members. The Members at the 17th Annual General Meeting held on September 29, 2023, approved the appointment of Dr. Apurva Joshi as an Independent Director of the Company for a term of three (3) consecutive years with effect from November 25, 2022 to November 24, 2025 (both days inclusive).

3. Mr. Amit Kumar Jain (DIN: 08353693) was appointed as an Additional Director in the capacity of Whole-time Director and Key Managerial Personnel for a term of three (3) years with effect from November 25, 2022, subject to approval of Members. The Members at the 17th Annual General Meeting held on September 29, 2023, approved the appointment of Mr. Amit Kumar Jain as Whole-time Director and Key Managerial Personnel of the Company for a term of three (3) years with effect from November 25, 2022 to November 24, 2025 (both days inclusive).

Re-appointment of Director retiring by rotation

In accordance with the provisions of Section 152 and other applicable provisions of the Act, read with Companies (Management and Administration) Rules, 2014 and Articles of Association of the Company, Mr. Amit Kumar Jain (DIN: 08353693), Whole-time Director of the Company retires by rotation at the ensuing 18th Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment. The resolution seeking the re-appointment of Mr. Amit Kumar Jain forms part of the Notice convening the ensuing AGM.

The profile and particulars of experience, attributes, skills of Mr. Amit Kumar Jain together with his other directorships and committee memberships in terms of Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India have been disclosed in the annexure to the Notice of the AGM.

Cessation of Directors during the financial year 2023-24:

During the year under review, none of the Directors have tendered their resignation.

Appointment/Resignation of Key Managerial Personnel:

During the year under review:

i. Mr. Rakesh Tripathi tendered his resignation from the post of Chief Financial Officer and Key Managerial Personnel with effect from May 20, 2023;

ii. Mr. Suraj Gujja was appointed as Company Secretary, Manager – Legal and Key Managerial Personnel with effect from June 28, 2023.

The Board places on record its appreciation for the valuable services and support rendered by Mr. Rakesh Tripathi during his tenure as Chief Financial Officer of the Company.

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

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors ("IDs") of the Company have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act. There has been no change in the circumstances affecting their status as IDs of the Company. In the opinion of the Board, the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

All the IDs of the Company have complied and affirmed to abide by Rule 6 (Creation and Maintenance of Databank of Persons Offering to become Independent Directors) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and have also declared that they are enrolled in the databank of Independent Directors maintained by Indian Institute of Corporate Affairs and have qualified the online proficiency self-assessment test, as applicable.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors has framed a policy which lays down guidelines in relation to remuneration of Directors, Key Managerial Personnel and other employees of the Company. This policy inter alia, prescribes criteria for determining qualifications, positive attributes and independence of Directors and 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 Act read along with the Rules made thereunder. There were no material changes in the policy during the financial year 2023-24. The Policy is available on the web site of the Company www.finopaytech.com.

The Remuneration of Directors and Key Managerial Personnel are reviewed by the Nomination and Remuneration Committee and approved by the Board in accordance with the policy and applicable laws.

The Independent Directors receive remuneration by way of sitting fees for attending each meeting of the Board and its Committees. The Board approved the payment of sitting fees of ₹50,000 per Board meeting and Committee meeting, respectively to the Independent Directors.

BOARD PERFORMANCE EVALUATION

In accordance with the provisions of the Act, the annual performance evaluation of the Board, its Committees, Chairperson and Individual Directors has been carried out for the period under review.

Further, the evaluation of the Board, its Committees, Chairperson and Individual Directors covering various aspects of the performance of the Board and its Committees, effectiveness of the Board / Committee processes including composition, roles and responsibilities, Board processes, boardroom culture, adherence to code of conduct and ethics, quality and flow of information, as well as measurement of performance in the areas of strength and areas of focus were sent to the Directors.

Accordingly, the Board and the Nomination and Remuneration Committee ("NRC") reviewed the performance of Individual Directors based on criteria such as attendance in Board / Committee meetings, contribution in the meetings like preparedness on issues to be discussed etc.

The Independent Directors at its separate meeting held on March 14, 2024, reviewed the performance of Non-Independent Directors and performance of the Board as a whole, performance of the Chairman of the Company taking into account the views of Executive and Non-executive Directors and assessed the quality, quantity and timeliness of flow of information to the Board to perform their duties effectively and reasonably.

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

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

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

RELATED PARTY TRANSACTIONS

All the Related Party Transactions ("RPTs") entered into during the financial year 2023-24 were on an arm's length basis and were in the ordinary course of business. Transactions entered into by the Company with related parties in the normal course of its business were placed before the Audit Committee. Prior omnibus/specific approval for normal transactions were obtained from the Audit Committee for the RPTs which are of repetitive in nature and for the transactions which are of unforeseen nature. Also, ratification of the RPTs were made, wherever required. A statement giving details of all RPTs, entered pursuant to the omnibus approval so granted, was placed before the Audit Committee for their review.

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

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

A. Board of Directors' Meetings

During the year under review, seven (7) Board Meetings were convened and held on April 17, 2023, June 28, 2023, July 28, 2023, September 15, 2023, November 08, 2023, January 22, 2024 and March 27, 2024.

The maximum gap between the two consecutive meetings was in compliance with the provisions of the Act, relevant rules made thereunder and Secretarial Standard-I issued by Institute of Company Secretaries of India. The necessary quorum was present for all the Board meetings.

The details of the Directors and attendance at the meeting of the Board of Directors are as follows:

Sr. No.	Name	Category	No. of Meetings Attended
1	Mr. Rajeev Deoras[1]	Non-executive Chairperson and Independent Director	7/7
2	Mr. Ashok Kini	Independent Director	7/7
3	Dr. Apurva Joshi	Independent Director	7/7
4	Mr. Prateek Roongta	Nominee Director	7/7
5	Mr. Manoj Heda	Nominee Director	5/7
6	Mr. Marcus Peter Strutt Thompson	Nominee Director	7/7
7	Mr. Amit Kumar Jain	Whole-time Director	7/7

[1]Appointed as Non-Executive Chairperson of the Board with effect from June 28, 2023

B. Audit Committee

The Board has constituted Audit Committee under Section 177 of the Act. As on March 31, 2024, the Committee comprised of two Independent Directors and one Nominee Director which is in accordance with the Act.

During the year under review, two (2) meetings of the Audit Committee were held on June 28, 2023 and January 22, 2024.

Details of Members of the Committee and their attendance at the Audit Committee meetings are as follows:

Sr. No.	Name	Category	No. of Meetings Attended
1	Mr. Rajeev Deoras[1]	Chairman, Independent Director	2/2
2	Mr. Ashok Kini [2]	Member, Independent Director	2/2
3	Mr. Marcus Peter Strutt Thompson	Member, Nominee Director	2/2

[1]Appointed as a Chairman of the Committee with effect from April 13, 2023.
[2]Ceased to be Chairman of the Committee and re-designated as Member of the Committee with effect from April 13, 2023.

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

C. Nomination and Remuneration Committee

The Board has constituted Nomination and Remuneration Committee as per Section 178 of the Act. As on March 31, 2024, the Committee comprised of two Independent Directors and two Nominee Directors which is in accordance with the Act.

During the year under review, two (2) meetings of Nomination and Remuneration Committee were held on June 27, 2023 and January 22, 2024.

Details of Members of the Committee and their attendance at the Nomination and Remuneration Committee meetings are as follows:

Sr. No.	Name	Category	No. of Meetings Attended
1	Dr. Apurva Joshi[1]	Chairperson, Independent Director	2/2
2	Mr. Rajeev Deoras[2]	Member, Independent Director	2/2
3	Mr. Marcus Peter Strutt Thompson	Member, Nominee Director	2/2
4	Mr. Manoj Heda[2]	Member, Nominee Director	2/2
5	Mr. Ashok Kini[3]	Member, Independent Director	0/0

[1]Appointed as a Chairperson of the Committee with effect from April 13, 2023.
[2]Appointed as Members of the Committee with effect from April 13, 2023.
[3]Ceased to be Member of the Committee with effect from April 13, 2023.

D. Corporate Social Responsibility Committee

The Board has constituted Corporate Social Responsibility Committee as per Section 135 of the Act. As on March 31, 2024,the Committee comprised of one Independent Director and two Nominee Directors which is in accordance with the Act.

During the year under review, one (1) meeting of Corporate Social Responsibility Committee was held on June 28, 2023.

Details of Members and their attendance at the Corporate Social Responsibility Committee meetings are given below:

Sr. No.	Name	Category	No of Meetings attended
1	Dr. Apurva Joshi[1]	Chairperson, Independent Director	1/1
2	Mr. Prateek Roongta[2]	Member, Nominee Director	1/1
3	Mr. Manoj Heda[2]	Member, Nominee Director	1/1
4	Mr. Ashok Kini[3]	Member, Independent Director	0/0

[1]Appointed as a Chairperson of the Committee with effect from April 13, 2023
[2]Appointed as Members of the Committee with effect from April 13, 2023.
[3]Ceased to be member of the Committee with effect from April 13, 2023.

E. Stakeholders Relationship Committee

The Board of Directors has constituted Stakeholder Relationship Committee under Section 178 of the Act. As on March 31, 2024, the Committee comprised of one Independent Director and two Nominee Directors which is in accordance with the Act.

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

Details of Members of the Stakeholders Relationship Committee are as follows:

Sr. No.	Name	Category	No of Meetings attended
1	Dr. Apurva Joshi[1]	Chairperson, Independent Director	0/0
2	Mr. Ashok Kini[2]	Chairperson, Independent Director	0/0
3	Mr. Marcus Peter Strutt Thompson	Member, Nominee Director	0/0
4	Mr.Prateek Roongta[3]	Member, Nominee Director	0/0

[1]Appointed as a Chairperson of the Committee with effect from April 13, 2023.
[2]Ceased to be Member of the Committee with effect from April 13, 2023.
[3]Appointed as a Member of the Committee with effect from April 13, 2023.

MEETING OF THE INDEPENDENT DIRECTORS

As per the requirement of the Section 149(8) read with Schedule IV of the Act, a meeting of the Independent Directors of the Company is required to be held once a year in absence of non-independent directors.

During the financial year 2023-24, the Meeting of the Independent Directors (IDs) of the Company was held on March 14, 2024, without the attendance of Non-Independent Directors and members of the management at which they discussed and reviewed, including but not limited to below matters:-

- Performance of the Non-Independent Directors and Board as a whole taking into views of Executive Directors and Non-Executive Directors;
- Performance of the Chairman of the Company by taking into accounts the views of Executive and Non- Executive Directors; and
- The quality, quantity and timeliness of the flow of information between the Management and the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

The CSR policy indicating the development and implementation of the policy on the CSR initiatives/activities as approved by the Board were uploaded on the Website of the Company at www.finopaytech.com.

In terms of the provision of the Act, for financial year 2023-24, the Company was not required to spend any amount towards CSR Activities.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of investments made by the Company under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 as at March 31, 2024, are disclosed in Note 4 of notes to account.

There was no loan made, guarantee given or security provided and hence, no disclosure was required to be made herein in this regard.

VIGIL MECHANISM

The Company has implemented a Vigil Mechanism Policy in compliance with the provisions of the Act 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. The Audit Committee reviews the functioning of the Vigil Mechanism from time to time. None of the Whistle Blowers has been denied access to the Audit Committee.

Details of the Vigil Mechanism policy are made available on the Company's website i.e. www.finopaytech.com.

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

The Company has formulated and adopted a policy on Prevention of Sexual Harassment of Women at Workplace. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The information relating to complaints received and disposed off during the financial year 2023-24 are as follows:

- No. of complaints received : Nil
- No. of complaints disposed off : Nil
- Number of cases pending for more than 90 days : Nil
- Number of workshops/awareness programmes against sexual harassment carried out : One
- Nature of action taken by the employer or District Officer : NA

DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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 on March 31, 2024 and loss of the Company for the financial year ended March 31, 2024;

(c) 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) the Directors had prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) 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.

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 material risk which may threaten the existence of the Company.

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

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 of the 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.

INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to Section 124 of the Act, the Company is required to transfer the amount of dividend, which remains unpaid/unclaimed for a period of seven (7) years from the date of its transfer to the unpaid dividend account to Investor Education and Protection Fund ("IEPF"), established by the Central Government. The table given below gives the dates of dividend declaration and the corresponding dates when unclaimed/unpaid dividends are due to be transferred to the IEPF:

Financial Year	Dividend Type	Date of Declaration	Tentative Date for transfer IPEF
2022-23	Interim Dividend	June 08, 2022	July 09, 2029

The Members/Claimants who have not claimed their dividend so far in respect of the aforesaid period are requested to make their claims to Adroit Corporate Services Private Limited, Registrar and Share Transfer Agent of the Company (“RTA”) or to the Company Secretary of the Company, at the Company’s Registered Office, well in advance of the above due dates. Pursuant to the provisions of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (“IEPF Rules”), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on the website of the Company at www.finopaytech.com.

AUDITORS

a) Statutory Auditors and their Report

M/s. A P Sanzgiri & Co., Chartered Accountants (ICAI Firm Registration Number: 116293W) were appointed as the Statutory Auditor of the Company for a term of five (5) years, commencing from the conclusion 16th AGM till the conclusion of the 21st AGM of the Company to be held in the year 2027.

The Statutory Auditors of the Company have conducted Statutory Audit of the Financial Statements of the Company for financial year ended March 31, 2024. The notes referred in the Auditors’ Report are self-explanatory.

The Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2024, have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder (Ind AS) and other accounting principles generally accepted in India.

There are no qualification or reservation or adverse remark or disclaimers given by the Statutory Auditors.

b) Secretarial Auditor and their Report

In compliance with the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. DM & Associates Company

Secretaries LLP, the Secretarial Auditor of the Company undertook the Secretarial Audit for the financial year 2023-24.

The Secretarial Audit Report for the financial year ended March 31, 2024, is annexed as **Annexure-D** to the Board's Report.

The qualification/observation in the report is given below:

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the appointment of Chief Financial Officer, as prescribed under section 203 of the Companies Act, 2013.

Following are the justification/response from the Board on the remarks of Secretarial Auditor in their report:

The Company is currently in the process of on boarding an experienced individual for the position of Chief Financial Officer ("CFO"). Despite Company's diligent efforts to scan the talent landscape and engage with various partners to identify suitable candidates, Company has encountered challenges in filling this critical role. Consequently, there has been a delay in meeting the statutory timeline as prescribed under the Act. The Board has directed the Company to expedite the recruitment process and finalize the appointment at the earliest.

c) Internal Auditor

As per the provision of Section 138 of the Act read with Rule 13 of the Companies (Accounts) Rules, 2014, the Internal Auditor presents their half yearly 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.

ANNUAL RETURN

In accordance with the provision of Section 92(3) of the Act, the copy of the Annual Return in the prescribed Form MGT-7 is uploaded on website of the Company at www.finopaytech.com.

EMPLOYEES STOCK OPTION PLAN (ESOP)

The Company has formulated and implemented Fino PayTech Limited - Employees Stock Option Scheme - II 2007 ("ESOP Scheme"), with a view to attract, retain, incentivize and motivate employees of the Company by way of rewarding their performance and promoting their increased participation in the overall corporate growth and profitability. The ESOP Scheme has been amended from time to time in view of regulatory changes/ business requirements. None of these amendments were prejudicial to the interest of the employees. The Equity Shares, if issued, under ESOP Scheme shall rank pari-passu with the existing equity shares of the Company.

Pursuant to Section 62 of the Act read with sub-rule 9 of Rule 12 of the Companies (Share capital and Debentures) Rules, 2014, the details of ESOPs are given below:

a.	Options granted	:	2,34,68,000
b.	Options lapsed	:	75,42,550
c.	Net grant	:	1,59,25,450
d.	Options surrendered		16,38,170
e.	Options exercised	:	1,00,30,782
f.	Total number of shares arising as a result of exercise of Options	:	1,00,30,782
g.	Exercise price	:	₹10.00, ₹20.00, ₹30.00, ₹70.64,

			₹75.00, ₹80.00, ₹100.00 and ₹105.00.
h.	Variation of terms of Options	:	None
i.	Money realised by exercise of Options	:	As detailed in financial statements
j.	Total number of Options in force	:	42,56,498
k.	Employee-wise details of Options granted to:	:	
	i. Managerial Personnel (as on 31.03.2024)	:	70,368
	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 Options, 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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

DISCLOSURES UNDER SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

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 Act.

ADDITIONAL DISCLOSURES

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

i) The Company has not issued any shares with differential rights as to dividend, voting or otherwise and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debentures) Rules, 2014 is furnished.

ii) Issue of shares (including sweat equity shares) to employees of your Company under any scheme.

iii) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

iv) There were no material changes commitments affecting the financial position of your Company between the end of financial year (March 31, 2024) and the date of the report.

v) The Company has not accepted any deposits during the year in accordance with Chapter V of the Act.

vi) The Company is not required to maintain cost records under Section 148(1) of the Act.

vii) There was no change in the nature of business of the Company.

DISCLOSURE OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE 2016 DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR UNDER REVIEW

No application has been made or any proceedings are pending under the Insolvency and Bankruptcy Code 2016 during the financial year under review.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

No such instance of one time settlement or valuation was done during the year under review.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Date: July 25, 2024
Place: Navi Mumbai

Rajeev Deoras
Non-executive Chairman
and Independent Director
DIN: 02879519

Amit Kumar Jain
Whole-time Director
DIN: 08353693

Annexure-A

Annexure to the Board's Report

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

(Information in respect of each subsidiary to be presented with amounts in *₹ in lakhs*)

Sr. No.	Particulars	Details	Details	Details	Details
1.	Name of the Subsidiaries	Fino Trusteeship Services Limited*	Fino Finance Private Limited	Fino Financial Services Private Limited	Fino Payments Bank Limited
2.	The date since when subsidiary was acquired/ incorporated/ converted	14.05.2009 (Incorporated)	03.09.2010 (Acquired)	23.09.2014 (Incorporated)	30.03.2017 (Converted)
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable	Not Applicable
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable	Not Applicable
5.	Share capital	5.00	4,757.68	1.00	8,321.43
6.	Reserves and surplus	250.55	(3,989.15)	(5.80)	55,995.45
7.	Total assets	820.49	2,977.59	0.03	341,911.24
8.	Total Liabilities (excl. Capital and Reserves)	564.94	2,209.06	4.83	2,77,594.36
9.	Investments	776.09	0	0	1,74,693.01
10.	Turnover	55.23	226.47	0	1,47,838.11
11.	Profit/(Loss) before taxation	53.34	(376.58)	(0.76)	8,630.13
12.	Provision for taxation	11.06	(31.64)	0	7.73
13.	Profit/(Loss) after taxation	42.27	(344.94)	(0.76)	8,622.40
14.	Proposed Dividend	0	0	0	0
15.	% of shareholding	100%	100%	100%	75%

*During the year under review, the Company has acquired balance 51% shares of Fino Trusteeship Services Limited, as a result of acquisition, Fino Trusteeship Services Limited has become the wholly-owned subsidiary of your Company. In the previous financial year it was associate Company.

1. Name of subsidiary which is yet to commence operations - Fino Financial Services Private Limited

2. Names of subsidiaries which have been liquidated or sold during the year – Nil

Part B of the Annexure is not applicable as there are no associate companies/ joint ventures of the Company as on March 31, 2024.

For and on behalf of the Board of Directors

Date: July 25, 2024 **Place:** Navi Mumbai	**Rajeev Deoras** Non-executive Chairman and Independent Director DIN: 02879519	**Amit Kumar Jain** Whole-time Director DIN: 08353693

Annexure-B

Annexure to the Board's Report

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

A. Conservation of Energy

The Company has implemented several energy-saving initiatives at its registered office, including:

- Installation of energy-efficient LED lights.
- Switching off most of the lights and air conditioning units after 7 pm, with only essential lighting remaining on to prevent energy wastage. Additionally, all workstation area air conditioners are turned off during lunch hours from 1 p.m. to 2 p.m., except in the cafeteria.
- Maintaining a consistent power factor through the use of a capacitor bank.
- Installing sun control films and blinds throughout the office to keep it cool and reduce air conditioning usage.

The Company is committed to continuously improving its energy performance year after year.

B. 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 7 AUA / KUA in its system, these entities are using our ASA service for connecting to UIDAI's CIDR (Central Identities Data Repository) for doing Aadhaar Authentication and e-KYC.

During the period under review, the Company has incurred capital expenditure of ₹Nil (Previous year ₹Nil) towards research and development activities.

C. Foreign Exchange Earnings and Outgo

During the year under review, there were no foreign exchange earnings, however, there was foreign exchange outgo of ₹0.64 lakhs and same is set out in the financial statements.

For and on behalf of the Board of Directors

	Rajeev Deoras	**Amit Kumar Jain**
Place: Navi Mumbai	Non-executive Chairman and	Whole-time Director
Date: July 25, 2024	Independent Director	DIN: 08353693
	DIN: 02879519	

Annexure-C

Annexure to the Board's Report

Annual Report on Corporate Social Responsibility for financial year 2023-24
[Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended]

1. Brief outline on the CSR policy of the Company:

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

I. 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);
II. Primary education, healthcare including preventive healthcare and sanitation, eradicating hunger, poverty and malnutrition, ensuring environmental sustainability, ecological balance, protection of environment;
III. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

2. The Composition of the CSR Committee as on March 31, 2024:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Apurva Joshi[1]	Chairperson, Independent Director	1	1
2.	Mr. Prateek Roongta[2]	Member, Nominee Director	1	1
3.	Mr. Manoj Heda[2]	Member, Nominee Director	1	1
4.	Mr. Ashok Kini[3]	Member, Independent Director	0	0

[1]Appointed as a Chairperson of the Committee with effect from April 13, 2023
[2]Appointed as Members of the Committee with effect from April 13, 2023.
[3]Ceased to be Member of the Committee with effect from April 13, 2023.

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

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

a. CSR Committee: https://www.finopaytech.com under the investors tab.
b. CSR Policy: https://www.finopaytech.com/templates/fino/pdf/CSR%20Policy.pdf
c. CSR Projects: Not Applicable for FY 2023-24

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not Applicable

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

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required for set-off for preceding financial years (in ₹)
-	-	Nil	Nil

6. **Average net profit/(loss) of the Company as per Section 135(5):** (₹2,562.40 lakhs)

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

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

Total Amount Spent for the financial year(₹ lakhs)	Amount unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (₹ lakhs)	Date of transfer	Name of the fund	Amount (₹ lakhs)	Date of transfer
Nil	Nil	-	-	Nil	-

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

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	11.	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
-	-	-	-	-	-	-	Nil	Nil	Nil	-	-	-

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

1.	2.	3.	4.	5.		6.	7.	8.	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (₹ in lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
-	-	-	-	-	-	Nil	-	-	-

(d) Amount spent in Administrative Overheads: Nil
(e) Amount spent on Impact Assessment, if applicable: Nil
(f) Total amount spent for the financial year (8b+8c+8d): Nil

(g) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (₹ in lakhs)
(i)	Two per cent of average net profit of the Company as per section 135(5)	Nil
(ii)	Total amount spent for the financial year	Nil
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under Section 135(6) (₹ in lakhs)	Amount spent in the reporting financial year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (₹ in lakhs)
				Name of the fund	Amount (₹ in lakhs)	Date of transfer	
-	-	Nil	Nil	-	Nil	-	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding three financial years: Nil

1.	2.	3.	4.	5.	6.	7.	8.	9.
Sr. No.	Project ID	Name of the Project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project (₹ in lakhs)	Amount spent on the project in the reporting financial year (₹ in lakhs)	Cumulative amount spent at the end of reporting financial year (₹ in lakhs)	Status of the project – Completed /Ongoing
-	-	-	-	-	Nil	Nil	Nil	-

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

(a) Date of creation or acquisition of the capital asset(s): Not Applicable
(b) Amount of CSR spent for creation or acquisition of capital asset: Nil
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

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

For and on behalf of CSR Committee

	Apurva Joshi	**Amit Kumar Jain**
Date : July 25, 2024	Chairperson and Independent Director	Whole-time Director
Place : Navi Mumbai	DIN: 06608172	DIN: 08353693

DM & ASSOCIATES COMPANY SECRETARIES LLP
(LLPIN NO. AAI-4743)

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

Form No. MR-3
Secretarial Audit Report
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]
For the Financial Year Ended March 31, 2024

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

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2024, 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, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(NA)**;
(iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
(iv) 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 were not applicable to the company during Audit Period).
(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **were not applicable** to the Company for the financial year under review:-
    a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2018;

d. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
e. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
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;

(vi) 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:

a. Secretarial Standards issued by The Institute of Company Secretaries of India.
b. 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. There are no major head / groups of Acts, Laws and Regulations as specifically applicable to the Company except for general laws.

We further report that the Company has generally complied with the Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except for the *appointment of Chief Financial Officer, as prescribed under section 203 of the Companies Act, 2013.*

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and for meeting convened under shorter notice, were in compliance with section 173(3) of the Companies Act, 2013 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, if any, are captured and recorded as part of the minutes.

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 no specific event took place.

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

Dinesh Kumar Deora
Senior Partner
FCS NO 5683
C P NO 4119
UDIN: F005683F000728801

Place: Mumbai
Date: July 12, 2024

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
Mindspace Juinagar, 9th Floor,
Plot No. Gen 2/1/F, Tower 1,
TTC Industrial Area, MIDC Shirwane,
Juinagar, Navi Mumbai
Thane – 400706

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

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provides a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Dinesh Kumar Deora
Senior Partner
FCS NO 5683
C P NO 4119
UDIN: F005683F000728801

Place: Mumbai
Date: July 12, 2024

FINO PayTech Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2024

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, 2024, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended on that date, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements".

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, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its losses, other comprehensive income, 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the Standalone Financials Statements.

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our Auditor's Report thereon. The Annual Report which is expected to be made available to us after the date of this audit report.

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

In connection with our audit of the 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 during the course of our audit or otherwise appears to be materially misstated.

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

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

The Company's Management and 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 including other comprehensive income, Change in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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, Management and Board of Directors are 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.

The Board of Directors is 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the Standalone Financial Statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit 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 including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to 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, as amended, 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, 2024 on its financial position in its Standalone Financial Statements -Refer Note 43 to the Standalone Financial Statement.

   ii. The Company did not have any long term contracts including derivative contracts as at March 31 2024 for which there were any material foreseeable losses. and

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons/ entities, including foreign entities, that the Company has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The Company has not declared and paid dividend during the year.

   vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

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.

For A P Sanzgiri & Co
Chartered Accountants
Firm Registration Number: 116293W

Abhijit Sanzgiri
Partner
Membership Number: 043230
UDIN: 24043230BKBDYP6931

Place: Mumbai
Date: 25th July 2024

Annexure "A" to the Independent Auditor's Report

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

i. Property, Plant, Equipment and Intangible Assets
   a. (A)The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.
      (B) The Company has maintained proper records showing full particulars of intangible assets.

   b. The Company has a programme of verification of its Property, Plant and Equipment (PPE), by which all the PPE are verified in a phased manner over the two years. In our opinion, this periodicity of physical verification is reasonable having regards the size of the Company and nature of its assets. There were no material discrepancies noticed on the 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.

   d. According to the information and explanations given to us, the Company has not revalued its Property, Plant and Equipment (including Right of Use Asset) and its Intangible assets during the year ended March 31, 2024. Accordingly, the requirement under paragraph 3(i)(d) of the Order is not applicable to the Company.

   e. According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company

ii.
   a. As per information and explanations given to us, physical verification of Inventory has been carried out by the Management in current year in accordance with the phased programme of verification of all inventory once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification;

   b. According to the information and explanations given to us, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

iii. According to the information and explanation provided to us, the Company has made investment in its subsidiaries but has not granted any loans or provided any guarantees during the year.

   a. According to the information and explanation provided to us and on the basis of our examination of the records of the Company, the Company has made investment in its subsidiaries of Rs. 602.55 Lakhs during the year and the entire investment made has been provided for in current year.

b. According to the information and explanation provided to us and on the basis of our examination of the records of the Company, Company has not granted any loan to companies, firms, Limited Liability Partnerships or any other parties during the year.

c. The Investment made as stated in para 3 (iii) above are not prejudicial to the Company's interest.

d. The Company has not renewed or extended or fresh loans granted to settle the overdue of existing loans to same parties, which has fallen due during the year.

e. The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

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 to 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 on the basis of our examination of the records of the Company, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess have generally been regularly deposited with the appropriate authorities.

b. According to the information and explanations given to us, undisputed dues in respect of provident fund were outstanding, at the year end, for a period of more than six months from the date they became payable.

As at March 31, 2024, the outstanding statutory dues amounting to Rs. 2.59 Lakhs related to Provident Fund have been outstanding for more than six months from the date they became payable.

c. According to the information and explanation given to us and on the basis of our examination of records of the Company, the outstanding dues of Income-Tax, Value Added Tax on account of any dispute, are as follows:

Name of the Statue	Period to Which the Amount relates	Amount Rs. in Lakhs	Deposit under protest. Rs. in Lakhs	Forum where deposit is pending
UP VAT Act	FY 2009-10	54.61	48.88	Sales Tax Appellate Tribunal
UP VAT Act	FY 2011-12	61.30	30.86	Sales Tax Appellate Tribunal
Gujarat VAT Act	FY 2011-12	1.45	Nil	Commissioner (Appeals)
UP VAT Act	FY 2012-13	109.30	38.95	Sales Tax Appellate Tribunal
UP VAT Act	FY 2013-14	26.58	Nil	Sales Tax Appellate Tribunal
UP VAT Act	FY 2014-15	20.64	Nil	Sales Tax Appellate Tribunal
Income Tax	AY 2014-15	66.15	Nil	CIT(A)
UP VAT Act	FY 2015-16	2.20	Nil	Sales Tax Appellate Tribunal
Income Tax	AY 2018-19	2,043.43	Nil	CIT (Appeals)

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix.

a. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
b. According to the information and explanations given to us, we report that the company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
c. In our opinion and according to the information explanation provided to us, no money was raised by way of term loans. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.
d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
e. According to the information explanation given to us and on the basis of our examination of the records of the Company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
f. According to the information and explanations given to us, we report that the Company has not raised loans during the year on the pledge of securities held in its securities, joint ventures or associate companies.

x.

a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
b. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi.

a. 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 nor on the Company.
b. We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2024, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
c. As represented by the Management, there are no whistle blower complaints have been received by the company during the course of audit. Accordingly, the provision stated in paragraph (xi) (c) of the Order is not applicable to the Company.

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) (a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv.

a. In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
b. We have considered internal audit reports issued by the internal auditors during the audit.

xv. According to the information and explanation given to us, in our opinion during the year the company has not entered into non-cash transactions with the directors or persons connected with the directors and hence, provisions of the section 192 of the Act are not applicable to the company. Accordingly, the provisions stated in paragraph 3(xv) of the order are not applicable to the company.

xvi.

a. 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)(a) of the Order are not applicable to the Company.

b. In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from the Reserve Bank of India. Hence the reporting under paragraph clause 3(xvi)(b) of the Order are not applicable to the Company.
c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, the reporting under paragraph clause 3(xvi)(c) of the Order are not applicable to the Company.
d. The Company does not have more than one CIC as a part of the of its group. Hence, the provisions stated in paragraph clause 3(xvi)(d) of the Order are not applicable to the Company.

xvii. Based on the overall review of the standalone financial statements, Company has incurred cash losses amounting to Rs. 459.87 Lakhs during the current financial year and Rs. 2,689.42 Lakhs in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanation given to us and based on our examination of financial ratios, ageing and expected date of realisation of financial assets and payment of liabilities, other information accompanying the Standalone Financial Statement, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date.

xx. According to the information and explanation given to us, the provisions of section 135 of the Act are applicable to the company. However, company has incurred average net loss during the three immediately preceding financial year. Therefore, the company was not required to spend any amount towards CSR during the current financial year. Accordingly, the provisions of paragraph (xx)(a) to (b) of the Order are not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements.

For A P Sanzgiri & Co
Chartered Accountants
Firm Registration Number: 116293W

Abhijit Sanzgiri
Partner
Membership Number: 043230
UDIN: 24043230BKBDYP6931

Place: Mumbai
Date: 25th July 2024

Annexure "B" to Independent Auditors Report

(Referred to in paragraph 1(f) under "Other Legal and Regulatory Requirement" in the Independent Auditor's Report)

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

Opinion

We have audited the internal financial controls with reference to Standalone Financial Statements of FINO PayTech Limited ("the Company") as of March 31, 2024, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an 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, 2024, 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 Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to Standalone Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

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

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

For A P Sanzgiri & Co
Chartered Accountants
Firm Registration Number: 116293W

Abhijit Sanzgiri
Partner
Membership Number: 043230
UDIN: 24043230BKBDYP6931

Place: Mumbai
Date: 25th July 2024

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 Material 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 34.

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.

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
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.

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.

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.

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 balances up to 7 days are encashed at the end of financial year on the basic salary. Encashment of more than 7 days of leave is not permitted. Leave balance over 7 days will lapse at the end of the financial year. The obligation is measured on the basis of an annual independent actuarial valuation.

Share Based Payments

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

1.2.16 Leases

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

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

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

Company as a lessee

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

1.2.17 Cash and cash equivalents

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

1.2.18 Taxation

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

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Balance sheet

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	Notes	31 March 2024	31 March 2023
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2	**576.39**	518.88
(b) Right-of-use assets	35	**664.09**	829.35
(c) Other intangible assets	3	**3.56**	5.70
(d) Financial assets			
(i) Investments	4	**37,214.94**	37,182.26
(ii) Other financial assets	5	**3,743.63**	451.16
(e) Deferred tax assets (net)		**620.80**	586.20
(f) Tax assets		**-**	544.52
(g) Other non-current assets	6	**183.66**	342.76
Total non-current assets		**43,007.07**	40,460.82
(2) Current assets			
(a) Inventories	7	**28.44**	48.59
(b) Financial assets			
(i) Trade receivables	8	**296.19**	571.45
(ii) Cash and cash equivalents	9	**562.35**	465.04
(iii) Bank balances other than cash and cash equivalents ab	10	**3,331.12**	4,430.06
(v) Other financial assets	11	**151.67**	10.51
(c) Other current assets	12	**1,228.75**	1,135.47
Total current assets		**5,598.52**	6,661.12
TOTAL ASSETS		**48,605.60**	47,121.94
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	13	**10,478.39**	10,462.04
(b) Instruments entirely in nature of equity		**2,278.86**	2,278.86
(c) Other equity	14	**31,550.80**	32,187.15
Total equity		**44,308.05**	44,928.06
(2) Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	15	**569.93**	776.02
(b) Provisions	16	**263.44**	134.90
(c) Other non-current liabilities	17	**0.32**	2.55
Total non-current liabilities		**833.69**	913.47
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	**19.56**	37.16
(ii) Trade payables	19		
Due to micro and small enterprises		**3.37**	-
Due to other than micro and small enterprises		**447.77**	659.37
(iii) Lease liabilities	20	**164.71**	162.63
(iv) Other financial liabilities	21	**10.96**	18.45
(b) Other current liabilities	22	**35.34**	43.85
(c) Provisions	23	**247.68**	224.23
(d) Current tax liabilities (net)		**2,534.48**	134.73
Total current liabilities		**3,463.87**	1,280.41
Total liabilities		**4,297.56**	2,193.89
TOTAL EQUITY AND LIABILITIES		**48,605.60**	47,121.94

Notes to the financial statements ***1-49***

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

As per our report of even date attached.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
Partner
Membership Number : 043230

Rajeev Deoras
Non-Executive Chairman &
Independent Director
DIN: 00812946

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Navi Mumbai
25 July 2024

FINO PayTech Limited

Statement of profit and loss

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Particulars	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue			
I. Revenue from operations (gross of excise duty)	*24*	**1,232.80**	1,308.89
II. Other income	*25*	**782.81**	4,664.22
III. Total income (I + II)		**2,015.61**	5,973.11
Expenses			
Purchase of goods and services	*26*	**595.77**	901.95
Changes in inventories of finished goods, work-in-progress and stock-	*27*	**20.15**	3,158.29
Employee benefits expenses	*28*	**276.42**	295.06
Finance costs	*29*	**114.00**	133.23
Depreciation and amortization expenses	*2,3*	**260.36**	203.51
Other expenses	*30*	**1,587.94**	5,811.12
Total expenses (IV)		**2,854.64**	10,503.15
V. Profit / (Loss) before tax (III - IV)		**(839.03)**	(4,530.04)
VI. Tax expense:			
1. Current tax		**31.51**	**-**
2. Tax provision for earlier years		**(111.61)**	**-**
2. Deferred tax		**(34.60)**	1,181.80
Total tax expenses (VI)		**(114.70)**	1,181.80
VII. Profit / (Loss) for the period (V - VI)		**(724.33)**	(5,711.85)
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefits		**0.11**	1.22
Change in fair value of FVOCI instrument		-	-
Income tax related to above items		-	-
Other comprehensive income (net of tax)		**0.11**	1.22
IX. Total comprehensive income for the year (VII + VIII)		**(724.22)**	(5,710.61)
X. Earnings per equity share			
1. Basic earnings per share		**(0.69)**	(5.32)
2. Diluted earnings per share		**(0.69)**	(5.32)
Notes to the financial statements	***1-49***		

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

As per our report of even date attached.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
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Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Navi Mumbai
25 July 2024

FINO PayTech Limited

Statement of cash flows

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2024	For the year ended 31 March 2023
A. Cash flows from operating activities		
Profit / (loss) from for the period	**(839.03)**	(4,530.04)
Profit / (loss) before tax	**(839.03)**	(4,530.04)
Adjustments for :		
Depreciation / amortisation	**260.36**	203.51
ESOP expense	**0.79**	5.53
ESOP Cancellation Expenses	**-**	16.31
ESOP Cancellation Compensation	**-**	(2,854.94)
Provision (Write back) for doubtful debts and assets	**304.61**	(3,311.81)
Provision for diminution of investments	**600.71**	4,963.06
Interest expense	**114.00**	133.23
Interest income	**(368.08)**	(1,136.08)
Provision for litigation	**132.43**	-
Operating profit before working capital changes	**205.79**	(6,511.23)
Working capital adjustments:		
(Increase) / decrease in non-current financial assets - loan	**-**	-
(Increase) / decrease in non-current financial assets - othe	**(1.96)**	(8.03)
(Increase) / decrease in other non-current assets	**159.11**	7.31
(Increase)/ decrease in inventories	**20.15**	3,158.29
(Increase) / decrease in trade receivables	**1.76**	2,066.38
(Increase) / decrease in current financial assets - loans	**(4.43)**	(3.08)
(Increase) / decrease in other current financial assets	**(158.44)**	9.26
(Increase) / decrease in other current assets	**(93.28)**	(627.14)
(Decrease) in other non-current liabilities	**(2.24)**	(3.58)
Increase / (decrease) in trade payables	**(208.22)**	(1,685.17)
(Decrease) in other current financial liabilities	**(7.48)**	(231.30)
(Decrease) in other current liabilities	**(8.51)**	(24.98)
(Decrease) in provisions	**19.66**	(192.61)
Cash generated from operating activities	**(78.09)**	(4,045.87)
Income tax (paid) / refund	**3,024.36**	(185.60)
Net Cash generated from operating activities (A)	**2,946.28**	(4,231.47)
B. Cash flows from investing activities		
Acquisition of property, plant and	**(181.47)**	(169.51)
Acquisition of computer software	**0.00**	(3.99)
Proceeds from fixed deposits	**(2,205.49)**	(3,470.99)
Acquisition of non-current investments	**(602.55)**	0.02
Interest received	**368.08**	1,136.08
Net cash generated from/ (used in) investing activities (B)	**(2,621.44)**	(2,508.40)

FINO PayTech Limited

Statement of cash flows

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2024	For the year ended 31 March 2023
C. Cash flows from financing activities		
Proceeds from issue of equity share capital	**72.57**	-
Repayment of short-term borrowings	**(17.60)**	(34.13)
Buy Back of equity shares	**-**	(12,500.00)
Tax pertaining to buyback of equity shares	**-**	(2,185.55)
Principal repayment of lease laibilities	**(168.50)**	(137.12)
Interest paid	**(114.00)**	(133.23)
Preference Dividend Paid	**-**	(50,244.19)
Net cash (used in) financing activities (C)	**(227.53)**	(65,234.22)
Net increase / (decrease) in cash and cash equivalents (A + B +	**97.31**	(71,974.09)
Cash and cash equivalents at the beginning of the year	**465.04**	72,439.13
Cash and cash equivalents at the end of the year	**562.35**	465.04
Cash and cash equivalents		
Cash on hand and balances with banks	**562.35**	465.04
Closing balances of Fixed deposit (more than 3 months but less than 12 months)	-	-
Other bank balances	-	-
Cash and cash equivalents	**562.35**	465.04

Notes to the financial statements *1-49*

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

As per our report of even date attached.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
Partner
Membership Number : 043230

Rajeev Deoras
Non-Executive Chairman ‹
Independent Director
DIN: 00812946

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Navi Mumbai
25 July 2024

Suraj Gujja
Company Secretary
Membership No.: A49812

FINO PayTech Limited

Statement of changes in equity

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

(a) Equity share capital	**31 March 2024**		**31 March 2023**	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the reporting period	**104,620,402**	**10,462.04**	109,407,156	10,940.72
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	**104,620,402**	**10,462.04**	109,407,156.00	10,940.72
Equity shares bought back during the year	-	-	(4,786,754)	(478.68)
Equity shares issued during the year in consideration for cash (right issue)	-	-	-	-
Equity shares issued on account of conversion of share warrants	-	-	-	-
Equity shares issued during the year pursuant to exercise of ESOPs	**163,457**	**16.35**	-	-
Balance at the end of the reporting period	**104,783,859**	**10,478.39**	**104,620,402**	**10,462.04**

(b) Instruments entirely in nature of equity	**31 March 2024**		**31 March 2023**	
Fully convertible preference shares (Series A,B,C)	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the reporting period	**22,788,561**	**2,278.86**	23,831,215	2,383.12
Changes in preference share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	**22,788,561**	**2,278.86**	23,831,215	2,383.12
Preference shares bought back during the year	-	-	(1,042,654)	(104.27)
Balance at the end of the reporting period	**22,788,561**	**2,278.86**	**22,788,561**	**2,278.86**

(c) Other equity

Particulars	Equity component of compound financial instruments	Reserves & Surplus			Capital redeemption reserve	Equity investments through other comprehensive income	Total
		Retained Earnings	ESOP Reserve	Securities Premium			
Balance as at 01 April 2022	**-**	**37,859.87**	**866.77**	**66,289.98**	**-**	**17.93**	**105,034.55**
Total comprehensive income for the period ended 31 March 2023							
Profit/ (Loss) for the period	-	(5,711.85)	-	-	-	-	**(5,711.85)**
Other comprehensive income (net of tax)							
- Remeasurements of defined benefit liability / (asset)	-	1.22	-	-	-	-	**1.22**
- Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	**-**
Total comprehensive income	**-**	**(5,710.61)**	**-**	**-**	**-**	**-**	**(5,710.61)**
ESOP expense recognised under fair value approach	-	-	5.53	-	-	-	**5.53**
Deemed investment in subsidiary recognised through retained earnings	-	-	43.12	-	-	-	**43.12**
Effect of options lapsed after vesting	-	206.39	(206.39)				**-**
Dividend paid		(50,244.19)					**(50,244.19)**
On account of buyback of share capital				(11,917.06)			**(11,917.06)**
Transfer to Capital Redemption Reserve due to Buyback of Equity Shares		(582.94)			582.94		**-**
Buyback distribution Tax		(2,185.55)					**(2,185.55)**
Cancellation of ESOP Options		(2,838.62)					**(2,838.62)**
Balance as at 31 March 2023	**-**	**(23,495.66)**	**709.03**	**54,372.91**	**582.94**	**17.93**	**32,187.16**
Balance as at 01 April 2023	**-**	**(23,495.66)**	**709.03**	**54,372.91**	**582.94**	**17.93**	**32,187.16**
Total comprehensive income for the period ended 31 March 2024							
Profit/ (Loss) for the period	-	(724.33)	-	-	-	-	**(724.33)**
Other comprehensive income (net of tax)							**-**
- Remeasurements of defined benefit liability / (asset)	-	0.11	-	-	-	-	**0.11**
- Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-	**-**
Total comprehensive income	**-**	**(724.22)**	**-**	**-**	**-**	**-**	**(724.22)**
ESOP expense recognised under fair value approach	-	-	0.79	-	-	-	**0.79**
Deemed investment in subsidiary recognised through retained earnings	-	-	30.84	-	-	-	**30.84**
Premium on ESOP's exercised	-	-	(1.22)	57.45	-	-	**56.22**
Balance as at 31 March 2024	**-**	**(24,219.88)**	**739.45**	**54,430.36**	**582.94**	**17.93**	**31,550.80**

Statement of changes in equity *(Continued)*
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Nature and purpose of reserves

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

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

3) Equity investments through other comprehensive income (FVOCI)

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

Notes to the financial statements 1-49
The accompanying notes to accounts form an integral part of the standalone financial statements.

As per our report of even date attached.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

Abhijit Sanzgiri
Partner
Membership Number : 043230

Navi Mumbai
25 July 2024

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

Rajeev Deoras
Non-Executive Chairman &
Independent Director
DIN: 00812946

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Notes to the financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
4 Non-current investments		
Investments in subsidiary companies - equity instruments		
Unquoted Investments carried at cost		
50000 (31 March 2023 : 24,500) Equity shares of Rs. 10 each fully paid up of Fino Trusteeship Services Limited	**5.00**	2.45
47,576,806 (31 March 2023 : 41,576,806) Equity shares of Rs. 10 each fully paid up of Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	**19,524.09**	18,924.09
9,999 (31 March 2023 : 9,999) Equity shares of Rs. 10 each fully paid up of Fino Financial Services Private Limited	**1.00**	1.00
Less: Provision for other than temporary impairment*	**(19,527.54)**	(18,927.54)
Quoted Investments carried at cost		
62,411,997 (31 March 2023 : 62,411,997) Equity shares of Rs. 10 each fully paid up of Fino Payments Bank Limited (Formerly known as Fino	**36,013.36**	36,013.36
Investment carried at fair value through other comprehensive income (FVTOCI)- equity instruments		
3,030 (31 March 2023 : 3030) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	**272.22**	272.22
Deemed investment in subsidiary		
Fino Finance Private Limited (Formerly known as Intrepid Finance and Leasing Private Limited)	**232.75**	232.03
Fino Payments Bank Limited (Formerly known as Fino Fintech Limited)	**926.81**	896.68
Less: Provision for other than temporary impairment	**(232.75)**	(232.03)
Total	**37,214.94**	**37,182.26**
(a) Aggregate amount of unquoted investments	**20,961.86**	20,328.48
(b) Aggregate amount of quoted investments	**36,013.36**	36,013.36
(c) Aggregate amount of impairment in value of investments	**(19,760.29)**	(19,159.57)

*During the current financial year, the company has invested 600 lakhs and 2.55 lakhs in Fino Finance Private Limited and Fino Trusteeship Limited respectively and investment of Rs. 600 lakhs has been provided for in current financial year. As on 31 March 2024, investment in Fino Finance Private Limited is fully provided for.
Deemed investments represents investment in relation to ESOPs. The Company has impaired 100% of deemed investment in Fino Finance Private Limited.

	31 March 2024	31 March 2023
5 Other financial assets		
Unsecured, considered good		
Security deposits	**217.54**	229.49
Unsecured, considered doubtful		
Security deposits	**25.10**	15.69
Less: Allowance for doubtful deposit	**(25.10)**	(15.69)
Deposits with banks (maturing after 12 months from the reporting date)*	**3,526.09**	221.66
Less: Allowance for bank balances other than cash and cash equivalents	-	-
Total	**3,743.63**	**451.16**

Notes to the financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
6	**Other non-current assets**		
	Deposits with Government Authorities	**167.16**	329.36
	Prepaid expenses	**16.49**	13.40
	Total	**183.66**	**342.76**
7	**Inventories**		
	Stock-in-trade	**28.44**	48.59
	Less : Impairment of inventories	**0.00**	0.00
	Total	**28.44**	**48.59**
8	**Trade receivables**		
	Trade receivables		
	Unsecured considered good	**296.19**	571.45
	Unsecured, considered doubtful	**890.10**	616.60
	Less: Allowance for doubtful debts	**(890.10)**	(616.60)
	Total	**296.19**	**571.45**
	Of the above, trade receivables from related parties are as below:		
	Total trade receivables from related parties (Refer Note 38)	**116.10**	87.66
	Less: Allowance for doubtful debts	**-**	-
	Total	**116.10**	87.66

Notes to the financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
Ageing of trade receivables		
(i) Undisputed trade receivables – considered good		
Less than 6 months	**296.19**	571.45
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	296.19	571.45
(ii) Undisputed trade receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(iii) Undisputed trade receivables – credit impaired		
Less than 6 months	-	-
6 months - 1 year	**0.96**	194.89
1-2 years	**46.74**	72.74
2-3 years	**197.63**	150.25
More than 3 years	**644.77**	198.72
	890.10	**616.60**
(iv) Disputed trade Receivables – considered good		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(v) Disputed trade receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(vi) Disputed trade receivables – credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(vii) Unbilled dues		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
Less: Allowance for doubtful debts	**(890.10)**	(616.60)
Total	**296.19**	**571.45**

Notes to the financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
9 Cash and cash equivalents		
Balance with banks :		
In current account	**562.35**	24.83
In escrow account		
In deposits with original maturity of less than 3 months	**-**	440.22
Total	**562.35**	**465.04**
10 Bank balances other than cash and cash equivalents		
Deposits with banks**	**3,331.12**	4,430.07
Total	**3,331.12**	**4,430.06**

** Represents deposits of Rs. 219.65 lakhs (Previous year Rs. 173.50 lakhs) provided against the pending litigations under Value Added Tax Act and other matters.

A performance guarantee in favour of customers amounting to Rs. 289.96 lakhs (Previous year : Rs. 331 lakhs) has been issued against 100% lien marked on fixed deposits placed with banks.

	31 March 2024	31 March 2023
11 Other financial assets		
Unsecured, considered good		
Security deposits	**151.67**	2.06
Unsecured, considered doubtful		
Security deposits	**17.50**	0.22
Less: Allowance for doubtful deposit	**(17.50)**	(0.22)
Receivable from subsidary	**4.43**	8.44
Less : Provision	**(4.43)**	
Total	**151.67**	**10.51**
12 Other current assets		
Unsecured, considered good		
Prepaid expenses	**82.82**	35.19
Advances to employees	**1.95**	1.79
Advance to supplier for goods / services	**146.81**	92.79
Statutory dues receivable	**997.16**	1,005.71
Total	**1,228.75**	**1,135.47**

Notes to the financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

14 Other equity

	31 March 2024	31 March 2023
Reserves and surplus		
Securities premium	**54,430.37**	54,372.92
Share based payments reserves	**739.44**	709.02
Retained earnings	**(24,219.88)**	(23,495.66)
Equity investments through other comprehensive income	**17.93**	17.93
Capital Redemption Reserve	**582.94**	582.94
Total	**31,550.79**	**32,187.15**
Securities premium		
Opening balance	**54,372.92**	66,289.98
Additions during the year	**57.45**	-
Shares bought back during the year	**-**	(11,917.06)
Closing balance	**54,430.37**	**54,372.92**
Share based payments reserve		
Opening balance	**709.02**	866.77
Additions during the year	**30.41**	(157.74)
Closing balance	**739.44**	**709.02**
Retained earnings		
Opening balance	**(23,495.66)**	37,859.87
Net profit (loss) for the year	**(724.33)**	(5,711.85)
Dividend paid	**-**	(50,244.19)
Other comprehensive income	**0.11**	1.22
ESOP options lapsed	**-**	206.39
Transfer to capital redemption reserve due to buyback of equity shares	**-**	(582.94)
Buyback distribution Tax	**-**	(2,185.55)
Cancellation of ESOP Options	**-**	(2,838.62)
Closing balance	**(24,219.88)**	**(23,495.66)**
Equity investments through other comprehensive		
Opening balance	**17.93**	17.93
Net profit/(loss) for the year	**-**	-
Closing balance	**17.93**	**17.93**
Capital Redemption Reserve		
Opening balance	**582.94**	-
Additions during the year	**-**	582.94
Closing balance	**582.94**	582.94
	31,550.79	**32,187.15**

Notes to the financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
15	**Non-current financial liabilities - other financials liabilities**		
	Lease liability	**569.93**	776.02
		569.93	**776.02**

		31 March 2024	31 March 2023
16	**Non-current liabilities - provisions**		
	Provision for employee benefits		
	Gratuity [Refer note 34]	**28.04**	31.05
	Compensated absences [Refer note 34]	**0.77**	1.65
	Other provision		
	Provision for litigation*	**234.64**	102.20
	Total	**263.44**	**134.90**

* 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.
In FY 23-24, the Company has made a provision for UP VAT Case as under:
1. Rs. 51.62 lakhs for cases under litigation and,
2. Rs. 80.74 lakhs on deposit held with Government Authorities on the closed matters.

		31 March 2024	31 March 2023
17	**Other non-current liabilities**		
	Contract liabilities (Refer Note 22)	**0.32**	2.55
	Total	**0.32**	**2.55**

		31 March 2024	31 March 2023
18	**Financial liabilities - borrowings**		
	Secured		
	Loans from banks*	**19.56**	37.16
	Total	**19.56**	**37.16**

*FD OD facility is from ICICI Bank Limited

Notes to the financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

19 Trade payables

	31 March 2024	31 March 2023
Dues to micro and small enterprises (Refer note 43)	**3.37**	-
Dues to other than micro and small enterprises	**447.77**	659.37
Total	**451.14**	**659.37**

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..

Ageing of trade payables

	31 March 2024	31 March 2023
(i) MSME		
Less than 1 year	**3.29**	-
1-2 years	**0.08**	-
2-3 years	-	-
More than 3 years	-	-
	3.37	-
(ii) Others		
Less than 1 year	**163.09**	456.80
1-2 years	**74.12**	0.93
2-3 years	**11.67**	5.25
More than 3 years	**198.89**	196.39
	447.77	**659.37**
(iii) Disputed dues - MSME		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(iv) Disputed dues – others		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
Total trade payables	**451.14**	**659.37**

20 Lease liabilities

	31 March 2024	31 March 2023
Lease liability	**164.71**	162.63
	164.71	**162.63**

21 Other current financial liabilities

	31 March 2024	31 March 2023
Interest accrued but not due on borrowings	**0.14**	0.01
Unpaid dividends	**7.04**	14.67
Security deposits collected from agents	**3.80**	3.76
Total	**10.96**	**18.45**

Notes to the financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

22 Other current liabilities

	31 March 2024	31 March 2023
Advances from customers	**25.22**	26.88
Contract liabilities	**2.23**	6.18
Other current liabilities	**7.91**	10.79
Total	**35.34**	**43.85**

23 Current liabilities - provisions

	31 March 2024	31 March 2023
Provision for employee benefits		
Gratuity (Refer note 34)	**15.23**	5.91
Bonus payable	**31.13**	17.89
Compensated absences (Refer note 34)	**1.32**	0.44
Other provisions :		
Provision for expected loss on first loss default guarantee	**200.00**	200.00
Total	**247.68**	**224.23**

Notes to the financial statements *(Continued)*
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2024	For the year ended 31 March 2023
24 Revenue from operations		
Sales of goods and services		
Sale of goods	255.21	240.63
services	977.59	1,068.26
Total	**1,232.80**	1,308.89
25 Other income		
Interest received on financial assets carried at amortised cost		
- Deposits with banks	368.08	1,126.99
- Others	202.99	9.10
inventory	-	3,325.93
Miscellaneous income, net	211.74	202.20
Total	**782.81**	4,664.22
26 Purchase of goods and services		
Purchase of goods - cards and devices	147.59	223.28
Enrollment expenses	-	12.37
Other direct cost	448.18	666.29
Total	**595.77**	901.95
27 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Opening stock :		
Traded goods	48.58	3,206.87
Closing stock:		
Traded goods	28.43	48.58
Changes in inventories:		
Changes in inventories of stock-in-trade and work-in-progress		
Traded goods	20.15	3,158.29
Less : Provision		
Total	**20.15**	3,158.29

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	For the year ended 31 March 2024	For the year ended 31 March 2023
28 Employee benefit expense		
Salaries, wages and bonus	251.75	255.83
Contribution to provident fund and other funds	12.93	14.03
Share based expense including option cancellation expense	0.79	21.84
Staff welfare expenses	10.95	3.35
Total	**276.42**	295.06
29 Finance costs		
Interest on borrowings	18.96	7.08
Interest on lease liability	95.03	126.15
Total	**114.00**	133.23
30 Other expenses		
Repairs and maintenance	28.97	19.55
Rates and taxes	289.99	191.69
Insurance	26.18	37.31
Bank charges	0.51	4.36
Power and fuel	59.16	39.99
Communication	14.84	23.87
Travelling and conveyance	11.98	14.56
Legal and professional	160.34	454.68
Stationery and printing	0.37	0.61
Directors sitting fees	16.50	10.50
Payment to auditors		
- Statutory audit	16.89	19.57
- Tax audit	0.75	0.75
inventory	300.18	-
Provision for diminution of investments	600.71	4,963.06
Corporate social responsibility (CSR) (Refer note 45)	-	-
Advertisement, publicity and sales promotion expenses	-	2.94
Miscellaneous expenses	56.01	27.67
Provision for Loan & Advances	4.43	-
Total	**1,587.94**	**5,811.12**

FINO PayTech Limited

Notes to the financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

2 Property, plant and equipment

A. Reconciliation of carrying amount

PARTICULARS	Owned Assets						
	Leasehold improvements	Computers/ hardware	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
Year ended 31 March 2023							
Gross block							
Opening gross block	323.39	1,247.61	466.55	41.62	14.61	277.07	2,370.85
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Closing gross block	323.39	1,247.61	466.55	41.62	14.61	277.07	2,370.85
Accumulated depreciation							
Opening accumulated depreciation	310.54	884.86	309.19	33.96	14.28	251.51	1,804.32
Depreciation charge during the year	-	46.39	-	0.55	-	0.68	47.62
Disposals							-
Closing accumulated depreciation	310.54	931.25	309.19	34.50	14.28	252.19	1,851.95
Net block	12.85	316.36	157.36	7.12	0.33	24.87	518.89
Year ended 31 March 2024							
Gross block							
Opening gross block	**323.39**	**1,247.61**	**466.55**	**41.62**	**14.61**	**277.07**	**2,370.85**
Additions	**19.32**	**162.00**	**-**	**-**	**-**	**0.16**	**181.47**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing gross block	**342.71**	**1,409.61**	**466.55**	**41.62**	**14.61**	**277.23**	**2,552.32**
Accumulated depreciation							
Opening accumulated depreciation	**310.54**	**933.21**	**309.19**	**34.50**	**14.28**	**250.21**	**1,851.93**
Depreciation charge during the year	**4.18**	**118.33**	**-**	**0.38**	**-**	**1.07**	**123.97**
Closing accumulated depreciation	**314.73**	**1,051.54**	**309.19**	**34.88**	**14.28**	**251.28**	**1,975.91**
Net block	**27.97**	**358.07**	**157.36**	**6.74**	**0.33**	**25.94**	**576.39**

Notes to the financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

3 Other intangible assets

PARTICULARS	**GROSS BLOCK**				**ACCUMULATED AMORTIZATION**				**NET BLOCK**	
	Balance at 01 April 2023	**Additions**	**Disposals**	**Balance at 31 March 2024**	**Balance at 01 April 2023**	**Charge for the year**	**Eliminated on disposal of assets**	**Balance at 31 March 2024**	**Balance at 31 March 2024**	**Balance at 31 March 2023**
Computer Software	**660.12**	**-**	**-**	**660.12**	**654.42**	**2.13**	**-**	**656.55**	**3.57**	**5.70**
TOTAL	**660.12**	**-**	**-**	**660.12**	**654.42**	**2.13**	**-**	**656.55**	**3.57**	**5.70**

PARTICULARS	GROSS BLOCK				ACCUMULATED AMORTIZATION				NET BLOCK	
	Balance at 01 April 2022	Additions	Disposals	Balance at 31 March 2023	Balance at 01 April 2022	Charge for the year	Eliminated on disposal of assets	Balance at 31 March 2023	Balance at 31 March 2023	Balance at 01 April 2022
Computer Software	656.12	4.00	-	660.12	651.11	3.31	-	654.42	5.70	5.01
TOTAL	656.12	4.00	-	660.12	651.11	3.31	-	654.42	5.70	5.01

(Currency: Indian Rupees in lakhs)

13 Share capital

	31 March 2024	31 March 2023
a Authorised :		
Equity shares of INR 10 each	**12,000.00**	12,000.00
120,000,000 (31 March 2023 : 120,000,000) equity shares		
Fully convertible preference shares of INR 10 each	**5,000.00**	5,000.00
50,000,000 (31 March 2023 : 50,000,000) preference shares		
Total	**17,000.00**	**17,000.00**
b Issued and subscribed and paid up:		
10,47,83,859 (31 March 2023 : 104,620,402) equity shares fully paid up	**10,478.39**	10,462.04
25,27,566 (31 March 2023 : 25,27,566) 9.00% fully convertible preference shares of class - A fully paid up	**252.76**	252.76
94,85,691 (31 March 2023 : 94,85,691) 0.005% fully convertible preference shares of class - B fully paid up	**948.57**	948.57
1,07,75,304 (31 March 2023 : 1,07,75,304) 12.00% fully convertible preference shares of class - C fully paid up	**1,077.53**	1,077.53
Total	**12,757.24**	**12,740.90**

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

During the year 163,457 (One Lakh Sixty Three Thousand Four Hundred and Fifty Seven) Equity Shares of face value Rs. 10/- each, were issued pursuant to exercise of ESOPs as approved by the Committee of Directors (Operations) on November 03, 2023.

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

	31 March 2024	31 March 2023
Equity share :		
Outstanding at the beginning of the year	**104,620,402**	109,407,156
Equity Shares issued during the year pursuant to exercise of ESOPs	**163,457**	-
Equity Shares bought back during the year	**-**	(4,786,754)
Outstanding at the end of the year	**104,783,859**	**104,620,402**
Preference share :		
Outstanding at the beginning of the year	**22,788,561**	23,831,215
Preference Shares bought back during the year	**-**	(1,042,654)
Outstanding at the end of the year	**22,788,561**	**22,788,561**

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, if any is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend.
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 financial year 2023-24, the Company has not declared any dividend on equity and preference shares (Previous year: Rs. 37.71)
Pursuant to provision of Section 123 of the Companies Act, 2013 read with the Companies (Declaartion and Payment of Dividend) Rules, 2014, For FY-22-23,the Board of Directors of Company has declared an Interim Dividend to its shareholders out of the surplus in the profit and loss account and out of the profits of the Financial year in which such interim dividend is sought to be declared. In view of the above, Rs. 37.71 per share was paid as an interim dividend to each Equity and Preference Shareholders of the Company amounting to Rs. 50,244 lakhs.

The preference shareholders shall 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.

13 Share capital *(Continued)*

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

Equity share	31 March 2024		31 March 2023	
	No. of Shares	% holding %	No. of Shares	% holding %
Bharat Petroleum Corporation Limited	27,991,070	26.71%	27,991,070	**26.75%**
ICICI Prudential Life Insurance Company Ltd.	10,833,198	10.34%	10,833,198	**10.35%**
ICICI Bank Limited	9,485,140	9.05%	9,485,140	**9.07%**
Blackstone GPV Capital Partners (Mauritius) VI-B FDI	7,183,536	6.86%	7,183,536	**6.87%**
HAV 3 Holdings (Mauritius) Limited	7,130,737	6.81%	7,130,737	**6.82%**
ICICI Lombard General Insurance Company Limited	5,984,658	5.71%	5,984,658	**5.72%**
International Finance Corporation	6,282,138	6.00%	6,282,138	**6.00%**

Fully convertible preference shares	31 March 2024		31 March 2023	
	No. of Shares	% holding	No. of Shares	% holding
Blackstone GPV Capital Partners (Mauritius) VI-B	10,775,304	47.28%	10,775,304	**47.28%**
HAV 3 Holdings (Mauritius) Limited	6,500,566	28.53%	6,500,566	**28.53%**
International Finance Corporation	2,968,531	13.03%	2,968,531	**13.03%**
Intel Capital (Mauritius) Limited	2,544,160	11.16%	2,544,160	**11.16%**

f There are no promoter holding in the company for the year ended 31st March 2024 and 31st March 2023.

g 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 33.

h Terms of conversion of Fully Convertible Preference Shares (FCPS)

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
Class - A	8-Jun-07	7-Jun-27
Class - B	3-Dec-09	2-Dec-29
Class - C	8-Jul-11	7-Jul-31

i 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:

During the FY 22-23, the Company bought back 47,86,754 equity shares and 10,42,654 preference shares aggregating to 58,29,408 shares for amounting to Rs. 1,24,99.99 lakhs being 21.92% of the total paid up share capital at Rs. 214.43 per share consiting of face value of Rs. 10 each including at a premium of Rs. 204.43. The equity and preference shares bought back were extinguished on November 12, 2022.

(Currency: Indian Rupees in lakhs)

31 1. Financial instruments – Fair values and risk management

A. Accounting classification and fair values

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

	Carrying amount			Fair value			
31 March 2024	**Amortised Cost**	**Fair value through other comprehensive**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Investment in unquoted equity instruments	-	272.22	272.22	-	-	272.22	272.22
Financial assets measured at amortised cost							
Non current financial assets							
Other financial assets	3,743.63	-	3,743.63	-	-	3,743.63	3,743.63
Current financial assets							
Trade receivables	296.19	-	296.19	-	-	-	296.19
Cash and cash equivalents	562.35	-	562.35	-	-	-	562.35
Other bank balances	3,331.12	-	3,331.12	-	-	-	3,331.12
Loans							
- Loans to related parties	-	-	-	-	-	-	-
Other current financial assets	151.67	-	151.67	-	-	-	151.67
	8,084.97	272.22	8,357.19	-	-	4,015.85	8,357.19
Financial liabilities measured at amortised cost							
Lease liability	734.64	-	734.64	-	-	734.64	734.64
Current borrowings	19.56	-	19.56	-	-	-	19.56
Trade payables	451.14	-	451.14	-	-	-	451.14
Other current financial liabilities	10.96	-	10.96	-	-	-	10.96
	1,216.30	-	1,216.30	-	-	734.64	1,216.30

(Currency: Indian Rupees in lakhs)

31 1. Financial instruments – Fair values and risk management *(Continued)*

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

	Carrying amount			Fair value			
31 March 2023	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	-	272.22	272.22	-	-	272.22	272.22
Financial assets measured at amortised cost							
Non current financial assets							
Other financial assets	451.16	-	451.16	-	-	451.16	451.16
Current financial assets							
Trade receivables	571.45	-	571.45	-	-	-	571.45
Cash and cash equivalents	465.04	-	465.04	-	-	-	465.04
Other bank balances	4,430.06	-	4,430.06	-	-	-	4,430.06
Loans							
- Loans to employees	-	-	-	-	-	-	-
- Loans to related parties	-	-	-	-	-	-	-
Other current financial assets	10.51	-	10.51	-	-	-	10.51
	5,928.21	272.22	6,200.43	-	-	723.37	6,200.43
Financial liabilities measured at amortised cost							
Lease liability	938.66	-	938.66	-	-	938.66	938.66
Short term borrowings	37.16	-	37.16	-	-	-	37.16
Trade payables	659.37	-	659.37	-	-	-	659.37
Other current financial liabilities	18.45	-	18.45	-	-	-	18.45
	1,653.63	-	1,653.63	-	-	938.66	1,653.63

(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)

31 1. Financial instruments – Fair values and risk management *(Continued)*

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

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

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

Financial instruments measured at fair value

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

Sensitivity analysis on level 3 fair values

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

	31 March 2024			
Significant observable inputs	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	4.50%	6.43	3.50%	(6.10)
Cost of equity	22.30%	22.44	24.30%	(19.97)

	31 March 2023			
Significant observable inputs	Input considered	Equity	Input considered	Equity
	Increase		Decrease	
Long term growth rate	4.50%	6.43	3.50%	(6.10)
Cost of equity	22.30%	22.44	24.30%	(19.97)

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.

(Currency: Indian Rupees in lakhs)

31 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)

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

C. Financial risk management *(Continued)*

ii. Ageing of trade receivables

Gross Trade receivables	31 March 2024	31 March 2023
Less Than 180 days	296.19	571.44
More than 180 days	890.10	616.60
Closing balance	**1,186.30**	**1,188.04**

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 2024	31 March 2023
Opening balance	616.60	616.24
Net Impairment loss recognised	273.50	0.36
Balance written back	-	-
Closing balance	**890.10**	**616.60**

First Loss Default Guarantee*	31 March 2024	31 March 2023
Opening balance	200.00	442.89
Net Impairment loss recognised	-	-
Balance written back	-	(242.89)
Closing balance	**200.00**	**200.00**

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

Security Deposit	31 March 2024	31 March 2023
Opening balance	**15.91**	86.21
Balance written back	**26.68**	(70.30)
Closing balance	**42.59**	15.91

FINO PayTech Limited

Notes to the financial statements *(Continued)*
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

31 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 2024	**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	19.56	19.56	19.56	-	-	-	-
Trade and other payables	451.14	451.14	451.14	-	-	-	-
Lease Liability	734.64	911.76	112.81	120.76	197.57	480.61	-
Other current financial liabilities	10.96	10.96	10.96	-	-	-	-

		Contractual cash flows					
31 March 2023	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5**
Non-derivative financial liabilities							
Borrowings:							
Working capital loans from	37.16	37.16	37.16	-	-	-	-
Trade and other payables	659.37	659.37	659.37	-	-	-	-
Lease Liability	938.67	1,269.10	133.89	136.19	263.14	646.65	89.22
Other current financial liabilities	18.45	18.45	18.45	-	-	-	-

(Currency: Indian Rupees in lakhs)

31 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 not 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.

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 2024	31 March 2023
Borrowings		
Fixed rate borrowings	-	-
Variable rate borrowings	19.56	37.16
Total borrowings	**19.56**	**37.16**

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 2024				
Variable-rate instruments	(0.20)	0.20	(0.15)	0.15
Cash flow sensitivity	**(0.20)**	**0.20**	**(0.15)**	**0.15**
31 March 2023				
Variable-rate instruments	(0.37)	0.37	(0.28)	0.28
Cash flow sensitivity	**(0.37)**	**0.37**	**(0.28)**	**0.28**

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)

32 Capital management

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

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

	31 March 2024	31 March 2023
Total liabilities	**4,297.56**	2,193.89
Gross debt	**4,297.56**	2,193.89
Less - cash and cash equivalents	**(562.35)**	(465.04)
Adjusted net debt	**3,735.21**	1,728.84
Total equity	**44,308.05**	44,928.06
Adjusted net debt to equity ratio	**0.08**	0.04

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

33 Share-based payment arrangements:

A. Description of share-based payment arrangements

i. Share option programs (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.

Birfucation of ESOP pool

Grant Date	No. of Options	Exercise Price	Vesting Period (years)	Vesting Conditions
01-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.
03-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.
01-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
01-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
01-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
01-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
01-Mar-12	82,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-Mar-14	200,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
06-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
01-Jul-15	75,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-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
03-Apr-18	100,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-Mar-19	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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 valuation per share as on 31 March 2024 was **INR 172** derived by registered valuer. In current year 1,63,457 shares were exercised in form of ESOPs.

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)

Share-based payment arrangements: *(Continued)*

Grant date	Exercise price	Share options 31 March 2024	Share options 31 March
03-Sep -07 to 01 Apr-09	**20**	**297,455**	**376,489**
01-Aug-10	**30**	**334,098**	**355,653**
01-Oct-11 to 01-Mar-12	**75**	**436,125**	**443,310**
01-Aug-12 to 01-Jul-15	**80**	**1,312,681**	**1,366,568**
1-Dec-15 to 15-Apr-16	**71**	**5,389**	**5,389**
16-Aug-17 to 03-Apr-18	**100**	**967,156**	**968,952**
01-Aug-18 to 01-Mar-19	**105**	**333,870**	**333,870**
01-Jul-19	**100**	**569,724**	**569,724**

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 behaviour. The company has granted no options during financial year 2023-24 and 2022-23.

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

33 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 2024		31 March 2023	
	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	78.97	4,414,955	78.79	6,355,250
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	44.40	163,457	-	-
Less: Options lapsed during the year	-	-	82.34	302,125
Less : Options surrendered during the ye	-	-	77.66	1,638,170
Options outstanding as at the year end	**80.30**	**4,251,498**	**78.97**	**4,414,955**
Options exercisable as at the year end	**80.30**	**4,251,498**	**78.01**	**4,227,455**

*The liquidation of stock options was approved by the company at a price of Rs. 252 less exercise price to eligible option holders in FY 2022-23.

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 0.79 lakhs (31 March 2023 : INR 5.53 lakhs).

(Currency: Indian Rupees in lakhs)

34 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 12.78 lakhs for 31 March 2024 (31 March 2023: 13.64 lakhs) as expenditure and included under 'Employee benefit expenses' in the Statement of Profit and Loss.

Gratuity

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

Compensated absences

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

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

		Compensated Absence		**Gratuity**	
	Note	**31 March 2024**	**31 March 2023**	**31 March 2024**	**31 March 2023**
Liability at the end of the year	17 , 24	2.08	2.08	43.27	36.96
Fair value of Plan Assets at the end of the year		-		-	
Amount recognised in Balance sheet		**2.08**	**2.08**	**43.27**	**36.96**

(Currency: Indian Rupees in lakhs)

34 Employee benefits

D. Defined benefit obligations

i. Actuarial assumptions

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

	31 March 2024	31 March 2023
Discount rate	**7.15%**	7.30%
Expected rate of return on plan assets		
Salary escalation rate	**8.10%**	5.20%
Withdrawal rate	**15.00%**	15.00%
Mortality rate	**IALM 2012-14 Ultimate**	IALM 2012-14 Ultimate

ii. Sensitivity analysis

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

	Gratuity			
	31 March 2024		31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(2.31)**	**2.54**	(1.85)	2.03
Future salary growth (1% movement)	**2.49**	**(2.31)**	2.06	(1.91)
Withdrawal rate (1% movement)	**(0.75)**	**1.31**	0.75	(1.68)
Mortality Rate (10% movement)	**(0.00)**	**0.00**	0.01	(0.01)

Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2024 were as follows:

Expected future benefit payments

31 March 2024	6.70
31 March 2025	6.15
31 March 2026	5.69
31 March 2027	5.23
31 March 2028	4.86
Thereafter	40.35

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

34 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 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Opening balance	**36.96**	34.91	**-**	**-**	**36.96**	34.91
Adjustments to opening balance on account of employee transfer		-			-	-
Adjusted opening balance	**36.96**	34.91			**36.96**	34.91
Included in profit or loss						
Current service cost	3.71	4.40	-	-	3.71	4.40
Past service cost			-	-		
Interest cost (income)	2.70	2.29	-	-	2.70	2.29
	43.37	41.60	**-**	**-**	**43.37**	41.60
Included in OCI						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-			-	-
Financial assumptions	6.52	(1.50)	-	-	6.52	(1.50)
Experience adjustment	(6.63)	0.28	-	-	(6.63)	0.28
Return on plan assets excluding interest income						-
	43.27	40.38	**-**	**-**	**43.26**	40.38
Other						
Contributions paid by the						
Benefits paid	-	(3.42)	-	-	-	(3.42)
Closing balance	**43.27**	36.96	**-**	**-**	**43.26**	36.96

Notes to the financial statements *(Continued)*
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

34 Employee benefits *(Continued)*

C. Components of defined benefit plan cost:

	Gratuity	
Particulars	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Recognised in Income Statement		
Current service cost	**3.71**	4.40
Interest cost / (income) (net)	**2.70**	2.29
Unrecognised past service cost- non vested benefits	**-**	-
Past service cost	-	-
Total	**6.41**	**6.69**
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asse	**(0.11)**	(1.22)
Return on plan assets excluding net interest	-	-
Cumulative post employment (gains) recognised in the SOCIE	**(0.11)**	**(1.22)**

D. Category of assets

Category of assets	**For the year ended 31 March 2024**	For the year ended 31 March 2023
Corporate bonds	-	**-**
Equity shares	-	**-**
Government securities	-	**-**
Insurer managed funds	-	**-**
Bank balances	-	**-**
Others	-	**-**
Total	-	**-**

Notes to the financial statements (continued)
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Note 35 : Leases
Right-of-use (ROU) asset

Particulars	Building	Office Equipment	Total
Gross Block			
Opening balance as on 1 April 2023	**878.41**	**482.93**	**1,361.34**
Additions	**4.51**	**-**	**4.51**
Deletions	**35.54**	**-**	**35.54**
Closing Balance as on 31 March 2024	**847.38**	**482.93**	**1,330.31**
Accumulated depreciation			
Opening balance as on 1 April 2023	**362.28**	**169.71**	**531.98**
Depreciation for the period	**80.70**	**53.56**	**134.26**
Depreciation on deletions	**-**	**-**	**-**
Closing Balance as on 31 March 2024	**442.98**	**223.27**	**666.23**
Net block	**404.41**	**259.66**	**664.09**
Gross Block			
Opening balance as on 1 April 2022	**878.41**	**482.93**	**1,361.34**
Additions	-	-	-
Deletions	-	-	-
Closing Balance as on 31 March 2023	**878.41**	**482.93**	**1,361.34**
Accumulated depreciation			
Opening balance as on 1 April 2022	**263.12**	**116.31**	**379.42**
Depreciation for the period	99.15	53.41	152.56
Depreciation on deletions	-	-	-
Closing Balance as on 31 March 2023	**362.28**	**169.71**	**531.98**
Net block	**516.14**	**313.22**	**829.35**

Lease liabilities included in the balance sheet	As at 31 March 2024	As at 31 March 2023
Current	164.72	162.63
Non-current	569.93	776.02
	734.65	**938.67**

Amounts recognised in the statement of profit and loss	For the year ended 31 March 2024	For the year ended 31 March 2023
Interest on lease liabilities	95.03	126.15
Income from sub-leasing right-to-use assets	187.80	(141.94)
Expenses relating to short-term leases	(371.68)	-8.88
Total	**(88.85)**	**(24.66)**

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

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

36 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 2024	31 March 2023
Profit attributable to equity share holders of the Company:		
Continuing operations	**(724.33)**	(5,711.85)
Less: Preference dividend including tax thereon	**(0.02)**	(0.02)
Profit attributable to equity holders of the Company for basic earnings	**(724.35)**	**(5,711.87)**
Interest on convertible debentures	-	-
Interest on share warrants	-	-
Profit attributable to equity holders of the Company adjusted for the effect of basic and dilution (a)	**(724.35)**	**(5,711.87)**

ii. Weighted average number of ordinary shares

	31 March 2024	31 March 2023
Issued ordinary shares at 01 April 2023	**104,620,402**	**109,407,156**
Effect of shares bought back	-	(1,979,746)
Effect of share options exercised	**66,544**	-
Conversion of share warrants	-	-
Right issue of shares during the period	-	-
Weighted average number of shares at 31 March 2024 (b)	**104,686,946**	**107,427,410**
Additions:-		
Share options	-	-
Convertible preference shares	**22,788,561**	23,399,870
Convertible share warrants	-	-
Weighted average number of shares at 31 March 2024	**127,475,507**	**130,827,280**
Weighted average number of shares at 31 March 2024	**127,475,507**	130,827,280
Add: potential equity shares	**2,269,316**	2,475,079
Weighted average number of shares at 31 March 2024 for diluted EPS (c)	**129,744,823**	**133,302,359**

Basic and Diluted earnings per share

	31 March 2024	31 March 2023
	Rs.	Rs.
Basic earnings per share (a / b)	**(0.69)**	**(5.32)**
Diluted earnings per share (a / c)*	**(0.69)**	**(5.32)**

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

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

37 Tax expense

(a) Amounts recognised in profit and loss

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current income tax		
Current period	**31.51**	-
Changes in estimated related to prior years	**(111.61)**	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**(34.60)**	1,181.80
Deferred tax expense	**(34.60)**	**1,181.80**
Tax expense for the year	**(114.70)**	**1,181.80**

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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						
Remeasurements of defined benefit liability	**0.11**		**0.11**	1.22		1.22
Equity instrument through OCI	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
Items that will be reclassified to profit or loss	-		-	-	-	-
	0.11	-	**0.11**	**1.22**	-	**1.22**

(c) Reconciliation of effective tax rate

	For the year ended 31 March 2024		For the year ended 31 March 2023	
Profit before tax		**(839.03)**		(4,530.04)
Tax using the Company's domestic tax rate	**25.17%**	**(211.17)**	26.00%	(1,177.81)
Tax effect of:				
Tax effects of amounts which are deductible for taxable income	**0.00%**	-	0.00%	-
Tax effects of amounts which are not deductible for taxable income	**0.00%**	-	-0.01%	0.29
Items on which no deferred tax was recognized	**-11.50%**	**96.46**	-52.08%	2,359.31
Effect of change in tax rate	**0.00%**	-	0.00%	-
	13.67%	**(114.70)**	**-26.09%**	**1,181.80**

(Currency: Indian Rupees in lakhs)

38 Tax Expense *(Continued)*

(d) Movement in deferred tax balances

	31 March 2024						
	Net balance 01 April 2023	**Recognised in profit or loss**	**Recognised in OCI**	**Other**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset / liability							
Property, plant and equipment	295.90	(56.08)	-	-	**239.82**	**239.82**	**-**
Security deposits	8.07	(39.56)	-	-	**(31.49)**	**-**	**(31.49)**
Leases	28.42	(10.66)	-	-	**17.76**	**17.76**	**-**
Provisions	257.83	142.33	-	-	**400.17**	**400.17**	**-**
Unabsorbed Business Loss	0.00	(0.00)	-	-	**-**	**-**	**-**
Equity instrument through OCI	(6.30)	0.20	-	-	**(6.10)**	**-**	**(6.10)**
Others	2.27	(1.63)	-	-	**0.64**	**0.64**	**-**
Deferred tax assets (net)	**586.19**	**34.61**	**-**	**-**	**620.80**	**658.39**	**(37.59)**
Set off tax							
Net tax assets	**586.19**	**34.61**	**-**	**-**	**620.80**	**658.39**	**(37.59)**

(e) Movement in deferred tax balances

	31 March 2023						
	Net balance 01 April 2022	**Recognised in profit or loss**	**Recognised in OCI**	**Other**	**Net**	**Deferred tax asset**	**Deferred tax liability**
Deferred tax asset / liability							
Property, plant and equipment	359.68	(63.78)	-	-	295.90	295.90	-
Security deposits	10.63	(2.56)	-	-	8.07	8.07	-
Leases	24.41	4.01	-	-	28.42	28.42	-
Provisions	1,108.44	(850.61)	-	-	257.83	257.83	-
Unabsorbed Business Loss	263.82	(263.82)	-	-	0.00	0.00	-
Equity instrument through OCI	(6.30)	(0.00)	-	-	(6.30)	-	(6.30)
Others	7.32	(5.05)	-	-	2.27	2.27	-
Deferred tax assets (net)	**1,768.01**	**(1,181.81)**	**-**	**-**	**586.20**	**592.50**	**(6.30)**
Set off tax							
Net tax assets	**1,768.01**	**(1,181.81)**	**-**	**-**	**586.20**	**592.50**	**(6.30)**

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.

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Tax losses & unabsorbed depreciation carried forward

	31 March 2024	Expiry for 31 March 2024	31 March 2023	Expiry for 31 March
Business losses	**460.98**	**31-03-26**	460.98	31-03-26
Business losses	**201.77**	**31-03-29**	201.77	31-03-29
Business losses	**2,898.54**	**31-03-31**	2,898.54	31-03-31
Unabsorbed depreciation	**1,315.92**	**No expiry**	1,315.92	No expiry
	4,877.19		**4,877.19**	

Tax Credits carried forward

	31 March 2024	Expiry for 31 March 2024	31 March 2023	Expiry for 31 March
MAT credit entitlement	**259.40**	**31-03-26**	259.40	31-03-26
	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 2024	31 March 2023
Deductible temporary differences	**4,914.69**	4,921.16
MAT Credit entitlement	**259.40**	259.40
Tax losses & unabsorbed depreciation	**1,385.93**	1,228.70
	6,560.03	**6,409.26**

FINO PayTech Limited

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

38 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 (On Non Diluted Basis)	India	21.94%
2	**Entities which are controlled by the company and with whom the Company had transactions during the year**		
	FINO Trusteeship Services Limited	India	100%
	Fino Finance Private Limited	India	100%
	Fino Payments Bank Limited	India	75%
	FINO Financial Services Private Limited	India	100%
3	**Key Management Personnel & Directors**		
	Mr. Amit Kumar Jain – Whole-time Director		
	Mr. Suraj Gujja – Company Secretary – Appointed w.e.f 28.06.2023.		
	Mr. Rakesh Tripathi – Chief Financial Officer – Ceased w.e.f 20.05.2023		
	Mr. Ashok Kini – Independent Director		
	Dr. Apurva Joshi – Independent Director		
	Mr. Rajeev Deoras – Independent Director		
	Mr. Manoj Heda – Nominee Director of Bharat Petroleum Corporation Limited (BPCL)		
	Mr. Prateek Roongta – Nominee Director of Blackstone GPV Capital Partners (Mauritius) VI-B FDI Ltd.		
	Mr. Marcus Peter Strutt Thompson – Nominee Director of HAV3 Holdings (Mauritius) Limited		

B. Transactions with key management personnel

i. Key management personnel compensation

Sr. No.	Particulars	**For the year ended 31 March 2024**	For the year ended 31 March 2023
i.	Short-term employee benefits	**109.32**	78.89
ii.	Post-employment benefits	**7.67**	5.41
iii.	Share-based payment	**-**	-

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

38 Related party relationships, transactions and balances

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

Nature of Transaction	Subsidiaries	Related party by whom significant influence is exercised	Key Management Personnel	Total
Corporate Guarantee				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	*245.76*	-	-	*245.76*
Recovery of expenses				
March 31, 2024	***430.94***	**-**	**-**	***430.94***
March 31, 2023	*403.42*	-	-	*403.42*
Sale of services / fixed assets				
March 31, 2024	***78.71***	***253.74***	**-**	***332.45***
March 31, 2023	-	*322.97*	-	*322.97*
Purchase of Services				
March 31, 2024	***202.99***	**-**	**-**	***202.99***
March 31, 2023	*258.38*	-	-	*258.38*
Director sitting fees				
March 31, 2024	**-**	**-**	***16.50***	***16.50***
March 31, 2023	-	-	*10.00*	*10.00*
Advance paid				
March 31, 2024	***1.23***	**-**	**-**	***1.23***
March 31, 2023	*23.32*	-	-	*23.32*
Advance received				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	-	-	-	-
Loan Taken				
March 31, 2024				
March 31, 2023	-	-	-	-
Loan repaid				
March 31, 2024	-	-	-	-
March 31, 2023	-	-	-	-
Interest on loan taken				
March 31, 2024	-	-	-	-
March 31, 2023	-	-	-	-
Guarantee Commission				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	-	-	-	-

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Balance Outstanding				
Corporate Guarantee				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	-	-	-	-
Trade Receivables (Gross)				
March 31, 2024	***75.05***	***41.05***	**-**	***116.10***
March 31, 2023	*45.98*	*41.68*	-	*87.66*
Trade Payables (Gross)				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	*95.99*	-	-	*95.99*
Short term borrowings				
March 31, 2024	-	-	-	-
March 31, 2023	-	-	-	-
Short term loans				
March 31, 2024	***4.43***	**-**	**-**	***4.43***
March 31, 2023	*8.44*	-	-	*8.44*
Interest payable on loan taken				
March 31, 2024	-	-	-	-
March 31, 2023	-	-	-	-
Other payables				
March 31, 2024	**-**	**-**	**-**	**-**
March 31, 2023	-	-	-	-
Deemed Investment				
March 31, 2024	***1,159.56***	**-**	**-**	***1,159.56***
March 31, 2023	*1,128.72*	-	-	*1,128.72*

(Currency: Indian Rupees in lakhs)

39 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	**For the year ended 31 March 2024**	**For the year ended 31 March 2023**
Sale of products	**255.21**	240.63
CBS Services, enrollment income and other services	**977.59**	1,068.26
Total	**1,232.80**	**1,308.89**
Timing of revenue recognition		
Products transferred at point in time	**255.21**	240.63
Services transferred over the period of time	**977.59**	1,068.26
	1,232.80	**1,308.89**

The information relating to trade receivables and contract liabilities relating to revenue from operations is disclosed in note no. 8 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, 2024 other than those meeting the exclusion criteria mentioned above, is 2.55 lakh (March 2023 : 8.74 lakh) . Out of this, the Company expects to recognize revenue of around 87.45 % (March 2023 : 70.71%) within the next one year and the remaining thereafter.

FINO PayTech Limited

Notes to the financial statements (Continued)

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

40 Ratios analysis & it's elements

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	% change from 31 March 2023 to 31 March 2024	Reasons if change is more than 25%
Current Ratio	**1.62**	5.20	-69%	The change on asset side is on account of decrease in Trade receivable on account creating of Provision on Doubtful debts on liability side due to regrouping of regrouping of current tax liability
Debt-Equity Ratio	**0.00**	0.00	-47%	The change is on account of increase in equity capital and payment of OD as on 31st march 2024.
Debt Service Coverage Ratio	**-3.48**	-24.61	-86%	Change is due to decrease in OD Balance as on 31st March 2024.
Return on Equity Ratio	**-2%**	-13%	-87%	Change is due to decrease in expenses compared to last year.
Inventory turnover ratio	**21.66**	83.56	-74%	Decreased in Sale compared to last year.
Trade Receivables turnover ratio	**416%**	229%	82%	Revenue and trade receivables as on 31st March 2024 has decreased as compared to LY.
Trade payables turnover ratio	**132%**	137%	-3%	
Net capital turnover ratio	**58%**	24%	137%	The change is on account of decrease in revenue and decrease in working capital.
Net profit ratio	**-59%**	-436%	-87%	The loss has decreased in FY24 compared to FY23.
Return on Capital employed	**-2%**	-10%	-83%	The loss has decreased in FY24 compared to FY23.
Return on investment	**-2%**	-13%	-87%	The loss has decreased in FY24 compared to FY23.

Ratios	Numerator	Denominator	31-Mar-24		31-Mar-23	
			Numerator	**Denominator**	Numerator	Denominator
Current Ratio	**Current assets**	**Current liabilities**	**5,598.52**	**3,463.87**	6,661.12	1,280.41
Debt-Equity Ratio	**Debt** :- long term borrowings + short term	**Equity** :- Total Equity	**19.56**	**44,308.05**	37.16	44,928.06
Debt Service Coverage Ratio	**Earning available for debt services** :- net profit before tax + non cash expenses tax (Depreciation and Amortisation) + interest expense on borrowings	**Interest + Installment** :- interest expenses on borrowings and current maturities	**- 464.67**	**133.55**	(4,193.31)	170.39
Return on Equity Ratio	Total Profit / (loss) for the period / year	Total Equity	**- 724.33**	**44,308.05**	(5,711.85)	44,928.06
Inventory turnover ratio	**Cost of good sold** :- Cost of material, operation and incidental cost+ changes in inventories of stock-in-trade	Average Inventory	**615.92**	**28.44**	4,060.24	48.59
Trade Receivables turnover ratio	Revenue from operations	Average Trade	**1,232.80**	**296.19**	1,308.89	571.45
Trade payables turnover ratio	Total Purchase	Average Trade Payables	**595.77**	**451.14**	901.95	659.37
Net capital turnover ratio	Revenue from operations	Working capital	**1,232.80**	**2,134.65**	1,308.89	5,380.71
Net profit ratio	Profit / (loss) after tax	Revenue from operations	**- 724.33**	**1,232.80**	(5,711.85)	1,308.89

(Currency: Indian Rupees in lakhs)

Return on Capital employed	**Earning before interest & taxes (EBIT)** :- profit / (loss) before tax + interest expenses on financial liabilities carried at	**Capital Employed** :- total equity (parent+ non controlling interest) + borrowings	**-**	**725.03**	**44,327.61**	- 4,396.82	44,965.22
Return on investment	Profit / (loss) after tax attributable to owners of the company	Equity shareholders' fund	**-**	**724.33**	**44,308.05**	- 5,711.85	44,928.06

41 Additional Regulatory Information

a. Details of benami property held

The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

b. Details of loans and advances

Loans and advances granted to promoters, directors, key managerial personnel (KMPs) and the related parties which are repayable on demand or without specifying any terms or period of repayment

Type of borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total loans and advances in the nature of loans
Promoters	**-**	-
Directors	**-**	-
KMPs	**-**	-

c. Willful defaulter

The company has not been declared as a willful defaulter by any financial institution or bank as at the date of balance sheet.

(Currency: Indian Rupees in lakhs)

d. Relationship with struck off companies

The Company do not have any transactions with companies struck off.

e. Registration of charges or satisfaction with Registrar of Companies (ROC)

The company has no pending charges or satisfaction which are yet to be registered with the ROC beyond the statutory period.

f. Compliance with number of layers of companies

The company has complied with the provision of the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

g. Compliance with approved Scheme(s) of Arrangements

There are no Schemes of arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

h. Discrepancy in utilization of borrowings

The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. There are no discrepancy in utilisation of borrowings.

i. Utilisation of borrowed funds and share premium:

(A) The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries).
(B) the company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party).

The company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall:
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries); or
b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;
b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

j. Borrowings taken against current assets

The Company has taken Overdraft of Rs. 19.56 lakhs @ 7.85% against Fixed Deposit.

k. Undisclosed income

The Company has no transaction that is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

l. Details of Crypto Currency or Virtual Currency

The company has not traded or invested in Crypto currency or Virtual Currency.

Notes to the financial statements *(Continued)*

For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

42 Contingent liabilities and commitments

	31 March 2024	31 March 2023
Contingent liabilities		
(i) Value added tax and entry tax	104.88	156.51
(ii) Bank guarantee	289.96	331.04
(iii) Income tax	-	366.65
(iv) District Court Thane	-	3,234.20
(v) Service Tax	-	14,220.96
(vi) Others	775.50	-

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.

There are pending litigations under Income Tax Act for the year 2014-15 and 2018-19. Total addition made in income is amounting to INR 2109.57 lakhs, the company is contensting at Appealate authority and expect that Matter will be in our favour.

There are pending litigations 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 Gujrat VAT Act, department has raised CST demand.

Total liability under dispute is amounting to Rs. 275.20 lakhs (UP VAT & Gujrat VAT) against which company has paid Rs. 118.69 lakhs under protest apart from this Company has made a provision for Rs. 51.62 lakhs in current year. Accordingly contingent liability for value added tax and entry tax amounts to Rs. 104.88 lakhs.

Further in case of Service Tax Matter, Bombay high court has quashed the Order in orginal dated 30 August 2022 vide order dated 01 April, 2024 and matter remanded to the Adjudicating Officer, namely, the Commissioner, CGST & Central Excise, Belapur Commissionerate for re-assessment

Capital Commitments

a. The company has capital commitments of Rs. Nil as on 31 March 2024 (31 March 2023 : Rs. Nil).

43 Details of Dues to micro and small suppliers

	31 March 2024	31 March 2023
Dues to micro and small suppliers		
a. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	**3.37**	-
- 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	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

Notes to the financial statements *(Continued)*
For the year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

44 Foreign currency transactions

Expenditure incurred in foreign currency	31 March 2024	31 March 2023
Membership fees	**0.64**	0.67
Consultancy charges	-	-
Annual maintenance charges	-	-
	0.64	0.67

45 Corporate social responsibility (CSR)

The company does not fulfill the applicability criteria under section 135 of companies act 2013, so CSR expenses incurred for year ending 31 March 24 is NIL (Previous year : NIL).

(Currency: Indian Rupees in lakhs)

46 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.

47 Subsequent events

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

48 Derivative contracts

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

49 Prior year comparatives

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

As per our report of even date attached.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

Abhijit Sanzgiri
Partner
Membership Number : 043230

Navi Mumbai
25 July 2024

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

Rajeev Deoras
Non-Executive Chairman & Independent Director
DIN: 00812946

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

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 "Company") and its subsidiaries (Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, 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 material 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, and based on consideration of report of other auditors on separate financial statements of subsidiaries, 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, 2024, 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 obtained by us along with the consideration of report of the other auditors referred to in 'Other Matters' section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the annual report but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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 annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe actions applicable under the applicable laws and regulations

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

The Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. The respective Management and 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 Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and 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 their respective companies.

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 scepticism 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 adequate 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 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 Statements 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. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the 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

We did not audit the financial statements of subsidiaries Fino Finance Private Limited; whose financial statements reflect total assets (before consolidation adjustment) of Rs. 2,977.58 Lakhs as at March 31, 2024, total revenues (before consolidation adjustment) of Rs. 226.46 Lakhs and net cash flows (before consolidation adjustment) amounting to Rs. 293.54 Lakhs for the year ended on that date; FINO Financial Services Private Limited, whose financial statements reflect total assets (before consolidation adjustment) of Rs. 0.03 Lakhs as at March 31, 2024, total revenues (before consolidation adjustment) of Rs. 0 and net cash flows (before consolidation adjustment) amounting to Rs. 0 for the year ended on that date and FINO Trusteeship Services Limited, whose financial statements reflect total assets (before consolidation adjustment) of Rs. 820.49 Lakhs as at March 31, 2024, total revenues (before consolidation adjustment) of Rs. 55.23 Lakhs and net cash flows (before consolidation adjustment) amounting to Rs. 32.51 Lakhs for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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 and the reports of the other auditors.

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 Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the (Companies Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Company as on March 31, 2024 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of 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 the requirements of Section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h. 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 44 to the consolidated financial statements.
ii. The Company did not have any long term contracts including derivative contracts as at March 31 2024 for which there were any material foreseeable losses.
iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and its subsidiary companies.
iv. **Under Rule 11(e)(i)** - The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
Under Rule 11(e)(ii) - The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, no funds have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
Under Rule 11(e)(iii) - Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the company in this regard nothing has come to our or other auditors’ notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
v. The Group has not declared and/or paid dividend during the year.
vi. Based on our examination, which included test checks and that performed by the respective auditors of subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, the Company and its subsidiaries has used accounting software for maintaining its books of account for the financial year ended March 31,2024 which has a feature of

recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and the respective auditors of the above referred subsidiaries did not come across any instance of the audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, is applicable from April 1, 2023, reporting under Rule 11 (g) of the Rules on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended March 31, 2024.

2. According to the information and explanations given to us and based on the CARO reports issued by us for the Company and on consideration of CARO reports by statutory auditors of subsidiaries included in the consolidated financial statements of the Company to which reporting under CARO is applicable, we report that there are no qualifications/adverse remarks.

For A P Sanzgiri & Co
Chartered Accountants
ICAI Firm Registration Number: 116293W

Abhijit Sanzgiri
Partner
Membership No. 043230
UDIN: 24043230BKBDYQ2188

Place: Mumbai
Date: 25th July 2024

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

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of FINO PayTech Limited on the consolidated Financial Statements for the year ended March 31, 2024.

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of FINO PayTech Limited (hereinafter referred to as "the Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, 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, 2024, 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").

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the company and 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. These responsibilities include the design, implementation and maintenance of 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 Company 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 company and 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to its subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For A P Sanzgiri & Co
Chartered Accountants
ICAI Firm Registration Number: 116293W

Abhijit Sanzgiri
Partner
Membership No. 043230
UDIN: 24043230BKBDYQ2188

Place: Mumbai
Date: 25th July 2024

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 Material 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

(Currency: Indian Rupees in lakhs)

1.2.4 Presentation of Financial Statements

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

1.2.5 Current versus non-current classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when it is:

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

The group classifies all other liabilities as non-current.

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

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

1.2.6 Use of estimates and judgments

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

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

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

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

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

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

- **Recognition of deferred tax assets**

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

1.2.6 Use of estimates and judgments *(Continued)*

- **Expected credit loss**

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

  The inputs used and process followed by the Group in determining the ECL have been detailed in Note 35.

- **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 37.

- **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.

1.2.6 Use of estimates and judgments *(Continued)*

- **Leases**

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

- **Business model assessment**

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

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

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

ii. Subsidiaries

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

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

Sr. No.	Name of the Entity	Country of Incorporation	Proportion of Ownership interest as on reporting date
1	Fino Payments Bank Limited	India	75.00%
2	Fino Finance Private Limited	India	99.99%
3	Fino Financial Services Private Limited	India	99.99%
4	Fino Trusteeship Services Limited	India	100%

iii. Non-controlling interests (NCI)

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

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

iv. Transactions eliminated on consolidation

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

1.2.9 Foreign currency

Foreign currency transactions

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

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

1.2.10 Revenue

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

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

- **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.

(Currency: Indian Rupees in lakhs)

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.

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

1.2.11 Finance income and finance costs

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

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

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

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

1.2.12 Securitization Transactions

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

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

1.2.13 Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

MAT Credit

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

1.2.14 Employee benefits

i. Short term employee benefits

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

ii. Defined contribution plans

Provident fund

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

iii. Defined benefit plans

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

Gratuity Fund

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

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

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

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

Other long-term employee benefits

Compensated absences balances up to 7 days are encashed at the end of financial year on the basic salary. Encashment of more than 7 days of leave is not permitted. Leave balance over 7 days will lapse at the end of the financial year. The obligation is measured on the basis of an annual independent actuarial valuation.

iv. Share-based payments arrangement

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

1.2.15 Property, plant and equipment

i. Recognition and measurement

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

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

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

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

Point of Transactions ('POT') devices which are classified as plant and machinery are depreciated over the useful life of the asset (five years).

1.2.16 Goodwill & other Intangible assets:

i. Goodwill:

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognized as goodwill. Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP, adjusted for the reclassification of certain intangibles. Goodwill is measured at cost less any accumulated impairment losses.

ii. Other Intangible assets:

Computer Software

Intangible assets are stated at cost less accumulated amortization and impairment Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date they are available for use. The estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition, and other economic factors and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end. Intangible assets are amortised over a period of five years with zero residual value.

1.2.17 Financial Instruments

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

a) Financial assets

Classification

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

Initial recognition and measurement

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

Subsequent Measurement

i. Debt instruments are measured at amortised cost

- A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

  a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

  b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

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

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

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

iv. Equity investments

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

Derecognition

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

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

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

Impairment of financial assets

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

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

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

b) Financial liabilities

Classification

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

Initial recognition and measurement

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

Subsequent measurement

Financial liabilities at fair value through profit or loss

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

Financial liabilities at amortised cost

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

The Group's financial liabilities includes trade and other payables, loans and borrowings and security deposits.

1.2.17 Financial Instruments *(Continued)*

Derecognition

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

c) Offsetting of financial instruments

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

d) Equity instruments

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

e) Compound instrument

Compound financial instruments issued by the Group comprise convertible share warrants denominated in INR that can be converted to equity shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

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

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

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

f) Reclassification

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

1.2.18 Inventories

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

1.2.19 Provisions and contingent liabilities

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

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

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

A contingent asset is not recognised but disclosed in the consolidated financial statements where an inflow of economic benefit is probable.

1.2.20 Leases

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

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

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

Group as a lessee

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

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

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

1.2.20 Leases *(Continued)*

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

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

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

Short-term leases and leases of low-value assets

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

1.2.21 Impairment of non-financial assets

The carrying values of non-financial assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash flows are grouped together into cash generating units (CGUs). Each CGU represents the smallest group of assets that generates cash flows that are largely independent of the cash flows of other assets or CGUs.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate pre-tax discount factor that reflects current market assessments of the time value of money and the risk specific to the CGU.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the

1.2.21 Impairment of non-financial assets *(Continued)*

extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is treated as in revaluation increase.

1.2.22 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.2.23 Earnings per share

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

1.2.24 Borrowing cost

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

1.2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the

1.2.25 Recent accounting pronouncements *(Continued)*

requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

Consolidated balance sheet

As at 31 March 2024
(Currency: Indian Rupees in lakhs)

	Note	31 March 2024	31 March 2023
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	2	12,418.96	12,467.21
(b) Right-of-use assets	39	3,578.60	3,019.26
(c) Capital work-in-progress	2	4,733.01	548.02
(d) Goodwill	53	(0.00)	-
(e) Other intangible assets	3	2,988.11	2,043.85
(f) Financial assets			
(i) Investments	4	5,549.42	5,489.69
(ii) Loans	5	(0.29)	0.01
(iii) Others	6	21,848.04	8,819.88
(g) Deferred tax assets (net)	41	620.80	586.20
(h) Advance tax assets (net)		1,125.36	1,492.04
(i) Other non-current assets	7	1,240.09	618.11
Total non current assets		**54,102.11**	**35,084.27**
(2) Current assets			
(a) Inventories	8	3,199.72	4,185.60
(b) Financial assets			
(i) Investments	9	169,173.00	109,089.15
(ii) Trade receivables	10	7,668.85	7,237.23
(iii) Cash and cash equivalents	11A	63,386.50	39,931.63
(iv) Bank balances other than (iii) above	11B	35,261.99	45,541.21
(v) Loans	12	8.39	103.45
(vi) Others	13	4,632.50	6,332.70
(d) Other current assets	14	21,242.91	14,464.10
Total current assets		**304,573.87**	**226,885.07**
TOTAL ASSETS		**358,675.98**	**261,969.34**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	15	10,456.15	10,439.81
(b) Instruments entirely in nature of equity		2,278.86	2,278.86
(c) Other equity	16	43,936.69	37,310.67
Equity attributable to equity holders of the Company		**56,671.70**	**50,029.34**
Non-controlling interests		15,883.67	13,718.18
Total equity		**72,555.37**	**63,747.52**
(2) Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	1,995.45	1,993.07
(ii) Lease liabilities	18	3,180.36	2,762.59
(b) Provisions	19	1,324.52	1,071.96
(c) Other non-current liabilities	20	0.32	2.55
Total non current liabilities		**6,500.64**	**5,830.17**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	71,284.56	43,443.63
(ii) Trade payables	22		
Due to micro and small enterprises		3.37	-
Due to other than micro and small enterprises		1,629.73	2,251.13
(iii) Lease liabilities	23	902.28	768.71
(iv) Other financial liabilities	24	192,984.19	141,576.82
(b) Other current liabilities	25	8,438.84	2,408.98
(c) Short-term provisions	26	1,835.68	1,722.85
(d) Current tax liabilities		2,541.30	219.53
Total current liabilities		**279,619.96**	**192,391.65**
Total liabilities		**286,120.61**	**198,221.81**
TOTAL EQUITY AND LIABILITIES		**358,675.98**	**261,969.34**

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
Partner
Membership Number : 043230

Rajeev Deoras
Non-Executive Chairman & Independent Director
DIN: 02879519

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Navi Mumbai
25 July 2024

Consolidated statement of profit and loss

For the Year ended 31 March 2024
(Currency: Indian Rupees in lakhs)

	Note	Year ended 31 March 2024	Year ended 31 March 2023
Revenue			
I. Revenue from operations (Gross of excise duty)	28	133,931.18	114,942.96
II. Other income	29	15,808.34	14,187.16
III. Total income (I+II)		**149,739.52**	**129,130.12**
IV. Expenses			
Purchase of goods and services	30	17,079.16	18,464.58
Changes in inventories of finished goods, work-in-progress and stock-in-trade	31	985.92	347.15
Employee benefits expenses	32	18,426.75	17,068.62
Finance costs	33	5,793.99	3,592.89
Interest on Deposits		2,775.80	1,822.48
Depreciation and amortization expenses		6,321.25	5,044.06
Other expenses	34	90,400.81	76,560.09
Total expenses (IV)		**141,783.69**	**122,899.86**
Profit/(loss) before exceptional items, and tax		**7,955.83**	**6,230.26**
V. Profit/(Loss) before exceptional items and tax		**7,955.83**	**6,230.26**
VI. Exceptional items		-	-
VII. Profit/(Loss) before tax (V - VI)		**7,955.83**	**6,230.26**
VIII. Tax expense:			
1. Current tax		50.31	37.26
2. Tax provision for earlier years		(143.25)	-
2. Deferred tax		(34.60)	1,181.80
IX. Profit/(Loss) for the year		**8,083.37**	**5,011.20**
X. Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability / (asset)		**(63.01)**	**(2.47)**
Equity investments through other comprehensive income - net change in fair value		-	-
Income tax related to items that will not be reclassified to profit or loss		-	-
		(63.01)	**(2.47)**
(ii) Items that will be reclassified to profit or loss			
Investments measured at FVOCI		**245.96**	**(134.31)**
Income tax related to items that will be reclassified to profit or loss		-	-
		245.96	**(134.31)**
Other comprehensive income for the year (net of tax)		**182.95**	**(136.79)**
XI. Total comprehensive income for the year (IX + X)		**8,266.32**	**4,874.41**
Profit attributable to:			
Owners of the Company		5,941.36	3,403.04
Non-controlling interests		2,142.02	1,608.16
Profit for the year		**8,083.37**	**5,011.20**
Other comprehensive income attributable to:			
Owners of the Company		145.02	(102.94)
Non-controlling interests		37.93	(33.85)
Other comprehensive income for the year		**182.95**	**(136.79)**
Total comprehensive income attributable to:			
Owners of the Company		6,086.38	3,300.11
Non-controlling interests		2,179.95	1,574.30
Total comprehensive income for the year		**8,266.32**	**4,874.41**
XIII. Earnings per share attributable to owners of the Company	40		
1. Basic earnings per share (INR)		**5.69**	**2.61**
2. Diluted earnings per share (INR)		**4.59**	**2.61**

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
Partner
Membership Number : 043230

Rajeev Deoras
Non-Executive Chairman & Independent Director
DIN: 02879519

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Navi Mumbai
25 July 2024

FINO PayTech Limited

Consolidated statement of cash flows
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2024	Year ended 31 March 2023
A. Cash flow from operating activities		
Profit before tax from continuing operations	7,955.83	6,230.26
Profit before tax	**7,955.83**	**6,230.26**
Adjustments to reconcile (loss) / profit before tax to net cash used in operating activities		
Depreciation	6,321.25	5,044.06
Profit / Loss on sale of fixed assets	-	(0.82)
ESOP expense	471.52	811.40
ESOP Cancellation Expenses	-	16.31
ESOP Cancellation Compensation	-	(2,854.94)
Interest income	(15,702.65)	(10,760.61)
Interest & finance charges	5,430.79	3,213.45
Interest on unwinding of lease liability	363.20	379.44
Gain on disposal of ROU asset	(19.23)	(5.66)
Provision (Write back) for doubtful debts and assets	-	(3,313.10)
Provision for loan losses expenses	(16.82)	(412.32)
Impairment of goodwill	-	-
Provision for doubtful debts and assets	347.35	1.73
Provision for litigation	132.43	-
Operating profit before working capital changes	**5,283.68**	**(1,650.81)**
Working capital adjustments:		
(Increase) / decrease in inventories	985.88	347.15
(Increase) / decrease in trade receivables	(796.06)	(234.46)
(Increase) / decrease in other current assets	(6,778.81)	(10,488.32)
(Increase) / decrease in current financial assets - loans	124.94	1,134.00
(Increase) / decrease in other current financial assets	1,683.27	(302.80)
(Increase) / decrease in non current financial assets - others	(310.57)	(1,540.09)
(Increase) / decrease in other non current assets	(621.98)	(202.03)
(Increase) / decrease in non-current financial assets - loans	(0.71)	(0.92)
Increase / (decrease) in trade payables	(618.03)	(2,036.81)
Increase / (decrease) in other current liabilities	6,029.86	(650.19)
Increase / (decrease) in other current financial liabilities	51,351.87	55,459.56
Increase / (decrease) in other non-current liabilities	(2.24)	(3.59)
Increase / (decrease) in provisions	193.23	(34.74)
Cash generated from / (used in) operations before adjustments for interest received and interest paid	**56,524.31**	**39,795.97**
Interest paid	-	-
Interest received	204.04	10.75
Cash used in operations	**56,728.35**	**39,806.70**
Income tax paid	2,781.39	277.26
Net cash (used) / generated from operating activities (A)	**59,509.74**	**40,083.96**
B. Cash flows from investing activities		
Acquisition of property, plant and equipment and Capital work in progress	(8,821.30)	(7,933.37)
Proceeds from sale of property, plant and equipment	(6.67)	33.38
Acquisition of computer software	(1,727.48)	(1,676.65)
Acquisition of investments	(59,897.63)	(51,309.69)
Stake purchase of subsidiary	(2.55)	-
Proceeds from fixed deposits	(2,500.27)	(2,691.98)
Interest received	15,498.61	10,499.02
Net Cash used in investing activities (B)	**(57,457.28)**	**(53,079.29)**

FINO PayTech Limited

Consolidated statement of cash flows *(Continued)*

For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

	Year ended 31 March 2024	Year ended 31 March 2023
C. Cash flows from financing activities		
Proceeds from issue of equity shares	72.57	22.80
Proceeds from subordinate debt	2.37	2.05
Repayment of non current borrowings	-	(35.69)
Proceeds of short term borrowings (net)	27,840.93	16,400.04
Buy Back of equity shares	-	(12,500.00)
Tax pertaining to buyback of equity shares	-	(2,185.55)
Preference Dividend Paid	-	(50,244.19)
Interest on Lease Liability	(351.09)	(379.44)
Principal payments of lease liability	(787.08)	(686.98)
Interest & finance charges paid	(5,375.28)	(3,213.89)
Net cash generated from financing activities (C)	**21,402.42**	**(52,820.86)**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**23,454.88**	**(65,816.18)**
Cash and cash equivalents at the beginning of the year	**39,931.63**	**105,747.79**
Cash and cash equivalents at the end of the year	**63,386.50**	**39,931.62**
Cash and cash equivalents		
Cash on hand and balances with banks	**63,386.50**	**39,931.63**
Cash and cash equivalents	**63,386.50**	**39,931.63**

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

Abhijit Sanzgiri
Partner
Membership Number : 043230

Navi Mumbai
25 July 2024

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

Rajeev Deoras
Non-Executive Chairman &
Independent Director
DIN: 02879519

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

FINO PayTech Limited

Consolidated statement of changes in equity

For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

(A) Equity share capital

	As at 31 March 2024		As at 31 March 2023	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the reporting period	104,398,084	10,439.81	109,174,205	10,917.42
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	104,398,084	10,439.81	109,174,205	10,917.42
Changes in equity share capital during the year		-	(4,776,121)	(477.61)
Balance at the end of the reporting period	**104,398,084**	**10,439.81**	**104,398,084**	**10,439.81**

(B) Instruments entirely in nature of equity

Fully convertible preference shares (Series A,B,C)	As at 31 March 2024		As at 31 March 2023	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the reporting period	22,788,561	2,278.86	23,831,215	2,383.12
Changes in fully convertible preference shares due to prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	22,788,561	2,278.86	23,831,215	2,383.12
Preference shares bought back during the year			(1,042,654)	(104.27)
Balance at the end of the reporting period	**22,788,561**	**2,278.86**	**22,788,561**	**2,278.86**

(C) Other equity

Particulars	**Attributable to owners of the Company**								**Total attributable to owners of the company**	**Attributable to Non-Controlling Interests**	**Total**
	Reserves & Surplus						**Items of Other comprehensive income**				
	Retained Earnings	**Statutory Reserve**	**Capital Redemption Reserve**	**ESOP Reserve**	**Securities Premium**	**Investment fluctuation reserve**	**Equity Instrument at FVTOCI**	**Debt instrument through OCI**			
Balance as at 01 April 2022	**12,308.57**	**1,361.17**	**-**	**1,105.71**	**85,730.17**	**8.14**	**17.93**	**21.83**	**100,553.52**	**11,953.22**	**112,506.74**
Total comprehensive income for the period ended 31 March 2023											
Profit for the year	3,403.04	-	-	-	-	-	-	-	3,403.04	1,608.16	**5,011.20**
Other comprehensive income (net of tax)											
- Remeasurements of FVTOCI debt instruments	-	-	-	-	-	-	-	(100.74)	(100.74)	(33.57)	**(134.31)**
- Remeasurements of defined benefit liability / (asset)	(2.20)	-	-	-	-	-	-	-	(2.20)	(0.28)	**(2.47)**
Total comprehensive income for the period ended 31 March 2023	**3,400.85**	**-**	**-**	**-**	**-**	**-**	**-**	**(100.74)**	**3,300.11**	**1,574.29**	**4,874.40**
ESOP expense recognised under fair value approach	-	-	-	620.71	-	-	-	-	620.71	190.67	**811.39**
Premium on issue of treasury shares of parent company	-	-	-	-	21.74	-	-	-	21.74	-	**21.74**
Buy Back of equity shares	-	-	-	-	(11,917.06)	-	-	-	(11,917.06)	-	**(11,917.06)**
Effect of options vested lapsed	206.39	-	-	(206.39)	-	-	-	-	-	-	**-**
Trf. To Capital Redemption Reserve due to Buyback of Equity Shares	(582.94)	-	582.94	-	-	-	-	-	-	-	**-**
Buyback distribution Tax	(2,185.55)	-	-	-	-	-	-	-	(2,185.55)	-	**(2,185.55)**
Cancellation of ESOP Options	(2,838.62)	-	-	-	-	-	-	-	(2,838.62)	-	**(2,838.62)**
Appropriation towards statutory and investment fluctuation reserve	(3,013.20)	1,220.41	-	-	-	1,792.80	-	-	-	-	**-**
Dividends paid	(50,244.19)	-	-	-	-	-	-	-	(50,244.19)	-	**(50,244.19)**
Balance as at 31 March 2023	**(42,948.69)**	**2,581.58**	**582.94**	**1,520.03**	**73,834.85**	**1,800.94**	**17.93**	**(78.91)**	**37,310.67**	**13,718.18**	**51,028.85**
Balance as at 01 April 2023	**(42,948.69)**	**2,581.58**	**582.94**	**1,520.03**	**73,834.85**	**1,800.94**	**17.93**	**(78.91)**	**37,310.67**	**13,718.18**	**51,028.85**
Total comprehensive income for the period ended 31 March 2024											
Profit for the period	5,941.36	-	-	-	-	-	-	-	5,941.36	2,142.02	**8,083.37**
Other comprehensive income (net of tax)											
- Remeasurements of FVTOCI debt instruments	-	-	-	-	-	-	-	184.47	184.47	61.49	**245.96**
- Remeasurements of defined benefit liability / (asset)	(39.46)	-	-	-	-	-	-	-	(39.46)	(23.56)	**(63.01)**
Total comprehensive income for the period ended 31 March 2024	**5,901.90**	**-**	**-**	**-**	**-**	**-**	**-**	**184.47**	**6,086.38**	**2,179.95**	**8,266.32**
ESOP expense recognised under fair value approach	-	-	-	361.55	-	-	-	-	361.55	109.96	**471.52**
Premium on issue of shares under ESOP scheme	-	-	-	(1.22)	57.45	-	-	-	56.22	-	**56.22**
Acquisition of NCI's Stake at face value	121.87	-	-	-	-	-	-	-	121.87	(124.42)	**(2.55)**
									-		
Balance as at 31 March 2024	**(39,281.17)**	**4,198.31**	**582.94**	**1,880.37**	**73,892.30**	**2,540.46**	**17.93**	**105.56**	**43,936.69**	**15,883.67**	**59,820.36**

FINO PayTech Limited

Consolidated statement of changes in equity

For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

(b) Other equity *(Continued)*

<u>Nature and purpose of reserves</u>

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.

4) Equity Instruments through FVTOCI

This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

5) Debt Instruments through FVTOCI

This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when such assets are disposed off and for impairment losses on such instruments.

6) Investment fluctuation reserve

This represents reserve created as per "Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)"

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

Abhijit Sanzgiri
Partner
Membership Number : 043230

Navi Mumbai
25 July 2024

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

Rajeev Deoras
Non-Executive Chairman &
Independent Director
DIN: 02879519

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.:A49812

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

2 Property, plant and equipment

A. Reconciliation of carrying amount

PARTICULARS	Owned assets						Total
	Leasehold improvements	Computers / hardware	Plant and machinery	Furniture and fixtures	Vehicles	Office Equipment	
Year ended 31 March 2023							
Gross block 01 April 2022	**2,179.87**	**8,772.92**	**11,118.03**	**259.04**	**111.42**	**1,899.58**	**24,340.86**
Additions	-	5,708.87	437.68	14.84	266.54	1,003.32	**7,431.25**
Disposals	10.82	-	43.50	-	-	5.80	**60.12**
Closing gross block	**2,169.05**	**14,481.79**	**11,512.21**	**273.88**	**377.96**	**2,897.10**	**31,711.99**
Accumulated depreciation							
Balance at 01 April 2022	**1,764.73**	**6,207.40**	**5,768.35**	**147.99**	**96.52**	**1,570.19**	**15,555.18**
Depreciation charge during the year	74.76	1,697.47	1,388.06	11.34	33.63	511.91	**3,717.17**
Disposals/Adjustments	9.41	-	12.66	-	-	5.49	**27.56**
Closing accumulated depreciation	**1,830.08**	**7,904.87**	**7,143.75**	**159.33**	**130.15**	**2,076.61**	**19,244.79**
Net block as at 31 March 2023	**338.97**	**6,576.92**	**4,368.46**	**114.55**	**247.81**	**820.49**	**12,467.21**
Year ended 31 March 2024							
Gross block as at 01 April 2023	**2,169.05**	**14,481.79**	**11,512.21**	**273.88**	**377.96**	**2,897.10**	**31,711.99**
Additions/Adjustments	369.66	2,701.70	485.36	95.00	101.46	1,005.48	**4,758.65**
Disposals	97.68	1.65	-	-	-	5.03	**104.36**
Closing gross block	**2,441.04**	**17,181.84**	**11,997.57**	**368.88**	**479.42**	**3,897.54**	**36,366.29**
Accumulated depreciation							
Balance at 01 April 2023	**1,830.08**	**7,904.87**	**7,143.75**	**159.33**	**130.15**	**2,076.61**	**19,244.79**
Depreciation charge during the year	68.65	2,368.00	1,462.45	50.25	155.48	695.41	**4,800.24**
Disposals/Adjustments	97.69	-	-	-	-	-	**97.69**
Closing accumulated depreciation	**1,801.04**	**10,272.87**	**8,606.20**	**209.58**	**285.63**	**2,772.02**	**23,947.34**
Net block as at 31 March 2024	**640.00**	**6,908.97**	**3,391.37**	**159.30**	**193.79**	**1,125.52**	**12,418.96**

(Currency: Indian Rupees in lakhs)

2 CWIP aging schedule

(a) For Capital-work-in progress, following ageing schedule shall be given:

CWIP	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Balance as at 31 March 2024	4,692.48	40.53	-	-	4,733.01
Balance as at 31 March 2023	548.02	-	-	-	548.02
Projects temporarily suspended					
Balance as at 31 March 2024	-	-	-	-	-
Balance as at 31 March 2023	-	-	-	-	-

(b) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan :

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Balance as at 31 March 2024				
Project 1	-	-	-	-
Project 2	-	-	-	-
Balance as at 31 March 2023				
Project 1	-	-	-	-
Project 2	-	-	-	-

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

3 Other intangibles assets

PARTICULARS	GROSS BLOCK				ACCUMULATED AMORTIZATION				NET BLOCK	
	Balance as at 01 April 2023	Additions	Disposals	Balance as at 31 March 2024	Balance as at 01 April 2023	Charge for the year	Eliminated on disposal of	Balance as at 31 March 2024	Balance as at 31 March 2024	Balance as at 31 March 2023
Computer Software	6,216.87	1,727.48	-	7,944.35	4,173.02	783.22	-	4,956.24	**2,988.11**	**2,043.85**
TOTAL	**6,216.87**	**1,727.48**	**-**	**7,944.35**	**4,173.02**	**783.22**	**-**	**4,956.24**	**2,988.11**	**2,043.85**

PARTICULARS	GROSS BLOCK				ACCUMULATED AMORTIZATION				NET BLOCK	
	Balance as at 01 April 2022	Additions	Disposals	Balance as at 31 March 2023	Balance as at 01 April 2022	Charge for the year	Eliminated on disposal of	Balance as at 31 March 2023	Balance as at 31 March 2023	Balance as at 31 March 2022
Computer Software	4,540.23	1,676.65	-	6,216.87	3,643.37	529.61	-	4,173.02	2,043.85	896.86
TOTAL	**4,540.23**	**1,676.65**	**-**	**6,216.87**	**3,643.37**	**529.61**	**-**	**4,173.02**	**2,043.85**	**896.86**

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
15	**Share capital**		
a	**Authorised :**		
	Equity Shares of Rs.10 each		
	120,000,000 (31 March 2023 ; 120,000,000) Equity shares	12,000.00	12,000.00
	Fully convertible Preference Shares of Rs.10 each		
	50,000,000 (31 March 2023 : 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:**		
	104,561,541 (31 March 2023 : 104,398,084) equity shares fully paid up*	10,456.15	10,439.81
	25,27,566 (31 March 2023 : 25,27,566) 9.00% fully convertible preference shares of class - A fully paid up	252.76	252.76
	94,85,691 (31 March 2023 : 94,85,691) 0.005% fully convertible preference shares of class - B fully paid up	948.57	948.57
	1,07,75,304 (31 March 2023 : 1,07,75,304) 12.00% fully convertible preference shares of class - C fully paid up	1,077.53	1,077.53
	TOTAL	**12,735.01**	**12,718.66**

*On consolidation, 222,318 (31 March 2023 : 2,22,318) 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 :**		
	Equity share :		
	Outstanding at the beginning of the year	104,398,084	109,174,205
	Equity Shares issued during the year in consideration for cash (Right issue)	-	-
	Equity Shares issued on account of conversion of share warrants	-	-
	Equity Shares issued during the year pursuant to exercise of ESOPs	163,457	-
	Treasury shares issued	-	10,633
	Equity Shares bought back during the year	-	(4,786,754)
	Outstanding at the end of the year	**104,561,541**	**104,398,084**
	Preference share :		
	Outstanding at the beginning of the year	22,788,561	23,831,215
	Preference Shares bought back during the year	-	(1,042,654)
	Outstanding at the end of the year	**22,788,561**	**22,788,561**

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, if any is subject to the approval of the shareholders in the ensuing annual general meeting except in case of interim dividend.
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 financial year i.e. FY 2023-24, the Company has not declared dividend on equity and preference shares as given below (Previous year: refer below detail)

Pursuant to provision of Section 123 of the Companies Act, 2013 read with the Companies (Declaartion and Payment of Dividend) Rules, 2014, the Board of Directors of Company had declared an Interim Dividend to its shareholders out of the surplus in the profit and loss account and out of the profits of the Financial year in which such interim dividend is sought to be declared. In view of the above, Rs. 37.71 per share was paid as an interim dividend to each Equity and Preference Shareholders of the Company amounting to Rs. 50,244 lakhs.

Notes to the consolidated financial statements *(Continued)*

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

Equity share	31 March 2024		31 March 2023	
	No. of Shares	% holding	No. of Shares	% holding
Bharat Petroleum Corporation Limited	27,991,070	26.77%	27,991,070	26.81%
ICICI Prudential Life Insurance Company Ltd.	10,833,198	10.36%	10,833,198	10.38%
ICICI Bank Limited	9,485,140	9.07%	9,485,140	9.09%
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	7,183,536	6.87%	7,183,536	6.88%
HAV 3 Holdings (Mauritius) Limited	7,130,737	6.82%	7,130,737	6.83%
ICICI Lombard General Insurance Company Limited	5,984,658	5.72%	5,984,658	5.73%
International Finance Corporation	6,282,138	6.01%	6,282,138	6.02%

Fully convertible preference shares

	As at 31 March 2024		As at 31 March 2023	
	No. of Shares	% holding	No. of Shares	% holding
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	10,775,304	47.28%	10,775,304	47.28%
HAV 3 Holdings (Mauritius) Limited	6,500,566	28.53%	6,500,566	28.53%
International Finance Corporation	2,968,531	13.03%	2,968,531	13.03%
Intel Capital Corporation	2,544,160	11.16%	2,544,160	11.16%

f There are no promoter holding in the company for the year ended 31st March 2024 and 31st March 2023.

g 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.

h Terms of conversion of Fully convertible preference shares (FCPS) :

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

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:

In FY 22-23, The Company bought back 47,86,754 equity shares and 10,42,654 preference shares aggregating to 58,29,408 shares for amounting to Rs. 12,499.99 lakhs being 21.92% of the total paid up share capital at INR 214.43 per share consiting of face value of INR 10 each including at a premium of INR 204.43. The equity and preference shares bought back were extinguished on November 12, 2022.

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
4	**Financial assets - investments**		
	Investments measured at amortised cost		
	Investments in government securities		
	Unquoted		
	- National saving certificate	0.35	0.35
	Investment carried at fair value through other comprehensive income (FVTOCI)- debt instruments		
	Quoted		
	- Investments in government securities	5,027.05	4,967.32
	Investment carried at fair value through other comprehensive income (FVTOCI)- equity instruments		
	3,030 (Previous year : 3030) shares of Rs. 10 each fully paid up in TAP Smart Data Information Services Pvt.Ltd	272.22	272.22
	Paysprint Private Limited	249.79	249.79
		5,549.42	**5,489.69**
	(a) Aggregate amount of quoted investments	**5,027.05**	**4,967.32**
	(b) Aggregate market value of quoted investments	**5,027.05**	**4,967.32**
	(a) Aggregate amount of unquoted investments	**522.36**	**522.36**
	(b) Aggregate amount of impairment in value of investments	-	-
5	**Financial assets - loans**		
	Secured loans		
	Considered good:		
	Loans to MSME	(0.29)	(0.00)
	Considered doubtful:		
	Loans to MSME	205.79	204.79
	Less: Loss allowance	(205.79)	(204.79)
	(A)	**(0.29)**	**(0.00)**
	Unsecured loans		
	Considered good:		
	Loans to JLG groups	-	0.01
	Considered doubtful:		
	Loans to JLG groups	0.06	0.05
	Less: Loss allowance	(0.06)	(0.05)
	(B)	-	0.01
	(A + B)	**(0.29)**	**0.01**
6	**Other non-current financial assets**		
	Unsecured		
	Considered good:		
	Security deposits	2,239.61	1,998.50
	Considered doubtful:		

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
Security deposits	27.66	17.62
Less: Loss allowance	(27.66)	(17.62)
Deposits with banks (maturing after 12 months from the reporting date)*	4,304.24	996.54
Deposits for margin money with banks**	15,304.35	5,826.14
Less: Loss allowance	(0.15)	(1.30)
	21,848.04	**8,819.88**

7 Other non-current assets

Prepaid expenses	1,071.58	287.40
Deposits with Government Authorities (sales tax, income tax, cess etc.)	168.51	330.71
	1,240.09	**618.11**

8 Inventories

Stock-in-trade	3,199.72	4,185.60
Less : Impairment of inventories	0.00	0.00
	3,199.72	**4,185.60**

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

9 Current investments

Investment in government securities		
Quoted		
Investment in T-bills	169,173.00	109,089.15
	169,173.00	**109,089.15**
(a) Aggregate book value of quoted investments;	**169,173.00**	**109,089.15**
(b) Aggregate market value of quoted investments;	**169,173.00**	**109,089.15**

10 Trade receivables

Unsecured		
- Considered Good	7,668.85	7,237.23
- Doubtful	1,552.15	1,187.71
Less: Loss allowance	(1,552.15)	(1,187.71)
	7,668.85	**7,237.23**

Of the above, trade receivables from related parties are as below:		
Total trade receivables from related parties	41.05	41.68
Less: Provision	-	-
Net trade receivables	**41.05**	**41.68**

(Outstanding from due date of payment / from date of transaction)	**31 March 2024**	**31 March 2023**

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
(i) Undisputed trade receivables – considered good		
Less than 6 months	7,668.85	7,211.00
6 months - 1 year	-	26.23
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	7,668.85	**7,237.23**
(ii) Undisputed trade receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(iii) Undisputed trade receivables – credit impaired		
Less than 6 months	0.96	-
6 months - 1 year	111.32	194.89
1-2 years	795.11	72.74
2-3 years	644.77	150.25
More than 3 years	-	769.83
	1,552.15	**1,187.71**
(iv) Disputed trade receivables – considered good		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(v) Disputed trade receivables – which have significant increase in credit risk		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(vi) Disputed Trade Receivables – credit impaired		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(vii) Unbilled dues		
Less than 6 months	-	-
6 months - 1 year	-	-
1-2 years	-	-
2-3 years	-	-

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
More than 3 years	-	-
	-	-
Less: Provision for doubtful receivables	**1,552.15**	1,187.71
	7,668.85	**7,237.22**

11A Cash and cash equivalents

a. Balance with banks :		
In current account	63,242.42	39,020.55
In deposits with original maturity of less than 3 months	-	440.22
b. Cash on hand	144.16	478.45
Less: Loss allowance	(0.07)	(7.59)
	63,386.50	**39,931.63**

11B Bank balances other than cash and cash equivalents

Deposits with Banks*	32,783.34	43,081.64
Other fixed deposits(with original maturity in excess of three months and due to mature within 12 months from the reporting date)	2,479.14	2,467.64
Less: Loss allowance	(0.48)	(8.06)
	35,261.99	**45,541.21**

* Includes deposits of Rs. 243.60 lakhs (Previous year 2022-23 : Rs. 233.84 lakhs) provided against the pending litigations under Value Added Tax Act & Rs. 20,648.71 lakhs (Previous Year 2022:23 : Rs. 23,637.84 lakhs) provided as cash collateral against borrowings.

A performance guarantee for business purpose amounting to Rs. 663.57 lakhs has been issued against 100% lien marked on fixed deposits placed with the banks.

12 Current financial assets - Loans

Secured loans		
Considered good:		
Loans to MSME (Secured)	0.29	86.62
Considered doubtful:		
Loans to MSME	144.53	92.10
Less: Loss allowance	(144.53)	(92.10)
(A)	**0.29**	**86.62**
Unsecured loans		
Considered good:		
Loans to JLG groups	(0.00)	0.99
Loans to MSME	-	-
Loans to employees/contractual staff	6.89	11.68
Death claim receivable	1.21	4.16

Notes to the consolidated financial statements *(Continued)*
As at 31 March 2024

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
Considered doubtful:			
Loans to MSME		-	33.92
Less: Loss allowance		-	(33.92)
Loans to JLG groups		2,162.50	2,210.89
Less: Loss allowance		(2,162.50)	(2,210.89)
	(B)	**8.10**	**16.83**
	(A + B)	**8.39**	**103.45**

13 Other current financial assets

	31 March 2024	31 March 2023
Unsecured		
Considered good:		
Security deposits	262.55	85.52
Considered doubtful:		
Security deposits	1.87	1.84
Less: Loss allowance	(1.87)	(1.84)
Other receivables	4,388.30	6,248.62
Less: Loss allowance	(18.35)	(1.44)
	4,632.50	**6,332.70**

14 Other current assets

	31 March 2024	31 March 2023
Prepaid Expenses	2,758.01	1,884.85
Security deposits	14.69	0.25
Advances to staff/agents/employees	48.19	43.70
Advance to Suppliers	14,686.11	10,567.02
Other Current Assets	4,674.60	2,010.84
Less : Provision	(938.70)	(42.55)
	21,242.91	**14,464.10**

15 Share capital

	31 March 2024	31 March 2023
Equity share capital	10,456.15	10,439.81
	10,456.15	**10,439.81**

(Currency: Indian Rupees in lakhs)

		31 March 2024	31 March 2023
16	**Other Equity**		
	Securities premium reserve	**73,892.30**	73,834.85
	Statutory reserve	**4,198.31**	2,581.58
	ESOP reserve	**1,880.37**	1,520.04
	Investment fluctuation reserve	**2,540.46**	1,800.94
	Retained earnings	**(39,281.17)**	(42,948.69)
	Debt instrument through OCI	**105.56**	(78.92)
	Equity instrument through OCI	**17.93**	17.93
	Capital Redemption Reserve	**582.94**	582.94
		43,936.69	**37,310.67**
	Securities premium reserve		
	Opening balance	**73,834.85**	85,730.17
	Additions during the year	57.45	(11,895.32)
	Closing balance	**73,892.30**	**73,834.85**
	Statutory reserve		
	Opening balance	**2,581.58**	1,361.17
	Changes in ownership interest in subsidiaries that do not result in loss of control - Acquisition of NCI		
	Additions during the year	1,616.73	1,220.41
	Closing balance	**4,198.31**	**2,581.58**
	ESOP reserve		
	Opening balance	**1,520.04**	1,105.72
	Additions during the year	360.33	414.32
	Closing balance	**1,880.37**	**1,520.04**
	Investment fluctuation reserve		
	Opening balance	**1,800.94**	8.14
	Additions during the year	**739.52**	1,792.80
	Closing balance	**2,540.46**	**1,800.94**
	Retained earnings		
	Opening balance	**(42,948.69)**	12,308.57
	Net loss for the year	5,941.36	3,403.04
	ESOP lapsed	-	206.39
	Transfer to Statutory and investment fluctuation reserve	(2,356.26)	(3,013.20)
	Movement in retained earnings for non-controlling interest	121.87	-
	Remeasurements of defined benefit liability / (asset) (net of tax)	(39.46)	(2.20)
	Dividend	-	(50,244.19)
	Trf. To Capital Redemption Reserve due to Buyback of Equity Shares	-	(582.94)
	Buyback distribution Tax	-	(2,185.55)
	Cancellation of ESOP Options	-	(2,838.62)
	Closing balance	**(39,281.17)**	**(42,948.69)**

Other comprehensive income

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
Debt instrument through OCI	(78.92)	21.81
Increase/(Decrease) during the year	184.47	(100.74)
Closing balance	**105.56**	**(78.92)**
Equity instrument through OCI		
As per Last Balance Sheet	**17.93**	17.93
Increase/(Decrease) during the year	-	-
Closing Balance	**17.93**	**17.93**
Capital Redemption Reserve		
Opening balance	**582.94**	-
Additions during the year	**-**	582.94
Closing balance	**582.94**	**582.94**
	43,936.69	**37,310.67**

17 Non-current financial liabilities - Borrowings

	31 March 2024	31 March 2023
Unsecured		
Subordinated debt (Non-convertible debenture)	1,995.45	1,993.07
	1,995.45	**1,993.07**

Unsecured loan :
After the balance sheet date, on May 15, 2024, subordinated debt of Rs. 2,000 lakhs, issued at an interest rate of 14.50% per annum, was repaid in a single bullet payment, including interest.

18 Lease liabilities - Non-current

	31 March 2024	31 March 2023
Lease liabilities	3,180.36	2,762.59
	3,180.36	**2,762.59**

19 Non current liabilities - Provisions

	31 March 2024	31 March 2023
Provision for employee benefits		
Gratuity [Refer note 38]	1,013.72	897.70
Compensated Absences [Refer note 38]	76.16	72.06
Other provision :		
Provision for litigation *	234.64	102.20
	1,324.52	**1,071.96**

* 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.
In FY 23-24, the Company has made a provision for UP VAT Case as under:
1. Rs. 51.62 lakhs for cases under litigation and,
2. Rs. 80.74 lakhs on deposit held with Government Authorities on the closed matters.

20 Other non-current liabilities

	31 March 2024	31 March 2023
Contract liability	0.32	2.55

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
	0.32	**2.55**

21 Current financial liabilities - Borrowings

	31 March 2024	31 March 2023
Secured		
Loans repayable on demand from banks*	71,284.56	43,443.63
	71,284.56	**43,443.63**

*Over draft facilities from banks are taken at an interest rate ranging from 6.50% to 10.85 % p.a. (previous year : 3.36 % to 8.20 %) and the same are secured against cash collaterals.

22 Trade and other payables

	31 March 2024	31 March 2023
Dues to Micro, Small and Medium Enterprises	3.37	-
Others	1,629.73	2,251.13
	1,633.10	**2,251.13**

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..

Particulars (Outstanding from due date of payment / from date of transaction)	**As at 31 March 2024**	**As at 31 March 2023**
(i) MSME		
Less than 1 year	3.29	-
1-2 years	0.08	-
2-3 years	-	-
More than 3 years	-	-
	3.37	-
(ii) Others		
Less than 1 year	1,333.27	2,046.79
1-2 years	85.91	1.69
2-3 years	11.67	6.26
More than 3 years	198.88	196.40
	1,629.73	**2,251.13**
(iii) Disputed dues - MSME		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
(iv) Disputed dues – Others		
Less than 1 year	-	-
1-2 years	-	-

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
2-3 years	-	-
More than 3 years	-	-
	-	-
(v) Accruals		
Less than 1 year	-	-
1-2 years	-	-
2-3 years	-	-
More than 3 years	-	-
	-	-
	1,633.10	**2,251.13**

23 Lease liabilities - Current

	31 March 2024	31 March 2023
Lease liabilities	902.28	768.71
	902.28	**768.71**

24 Current - Other financial liabilities

	31 March 2024	31 March 2023
Unpaid dividends	7.04	14.67
Interest accrued but not due on borrowings	91.63	36.12
Deposit collected from agents	3.80	3.76
Deposit from customers	141,421.01	91,957.56
Collections payable on loan securitised	0.70	0.41
Earnest money deposits from BC/Merchants	-	-
CMS collection payable account	-	-
Payable on settlement account	-	-
Payable on account of BC business	109.69	113.69
Other payables	51,350.33	49,450.60
	192,984.19	**141,576.82**

25 Other current liabilities

	31 March 2024	31 March 2023
Advances from customers	25.22	26.88
Statutory dues payables (includes Professional Tax, ESIC, Provident Fund, Withholding Taxes, etc.)	1,030.33	487.88
Contract Liability	2.23	6.18
Other current liabilities	7,381.05	1,888.03
	8,438.84	**2,408.98**

26 Current liabilities - Provisions

	31 March 2024	31 March 2023
Provision for employee benefits		
Gratuity [Refer note 38]	423.05	360.15
Bonus payable	1,127.48	1,080.99
Compensated absences [Refer note 38]	42.56	39.12

Notes to the consolidated financial statements *(Continued)*

As at 31 March 2024

(Currency: Indian Rupees in lakhs)

	31 March 2024	31 March 2023
Other provision :		
Provision for expected loss on performance security	242.60	242.60
	1,835.68	**1,722.85**

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023

27 Revenue from operations

A. Sale of goods		
Cards and devices	255.21	240.63
B. Rendering of services		
Enrollment income	27,346.19	23,692.13
Commission,exchange,brokerage	11,370.88	11,370.88
Interest income on portfolio loans	50.51	138.26
Disbursement charges	946.43	1,401.12
Other services	93,808.44	77,976.62
Interest on fixed deposits	153.53	123.33
Total revenue from operations	**133,931.18**	**114,942.96**

28 Other income

Interest received on financial assets carried at amortised cost		
Deposits with banks	3,717.30	3,645.73
Other interest income	333.22	396.08
Interest received on financial assets carried at fair value through other comprehensive income (FVTOCI)		
Government securities	357.05	346.62
T-bills	11,091.05	6,110.59
Profit / (loss) on sale of fixed assets (net)	-	0.82
Gain on disposal of ROU asset	19.23	5.66
Other miscellaneous income	290.50	355.74
Write back of liabilities	-	3,325.93
Total other income	**15,808.34**	**14,187.16**

29 Purchase of goods and services

Purchase of goods:		
Cards and devices	147.59	3,367.65
Other direct cost	448.18	876.86
Purchase of services:		
Sourcing charges	14,352.88	12,109.57
Enrollment expenses	-	12.37
Others	2,130.52	2,098.12
Total purchases of goods and services	**17,079.16**	**18,464.58**

30 Changes in inventories of stock-in-trade and work-in-progress

Opening Stock :		
Traded goods	**4,185.62**	4,532.76
Work-in-progress	-	-
Closing Stock:		
Traded goods	**3,199.71**	4,185.61
Purchases	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Traded goods	**985.92**	347.15
Work-in-progress	-	-
Less : Provision	-	-
Changes in inventories of stock-in-trade and work-in-progress	**985.92**	**347.15**

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
31 Employee benefit expense		
Salaries and wages	16,560.98	14,868.64
Contribution to provident and other funds	1,039.76	1,019.91
Share based payment expenses	471.52	827.71
Staff welfare expenses	354.50	352.37
Employee benefit expense	**18,426.75**	**17,068.62**
32 Finance costs		
Interest on borrowings measured at amortised cost	5,426.36	3,213.44
Interest on deposits	-	-
Other borrowing costs	4.43	0.02
Interest on unwinding of lease liability	363.20	379.44
Finance costs	**5,793.99**	**3,592.89**
33 Other expenses		
Repairs and maintenance:		
- Others	345.75	344.39
Rent	759.92	604.57
Rates and taxes	290.43	196.06
Insurance	747.39	586.67
Power and fuel	61.37	63.66
Communication cost	2,242.87	1,774.08
Infrastructure cost	0.07	2.19
Commission and brokerage	56,654.57	38,897.19
Bank charges	0.95	60.69
Technology and technical support expenses	-	-
Interchange fees	13,335.74	8,710.72
Travelling and conveyance	1,352.27	1,098.45
Training expenses	50.65	19.82
Legal and professional charges	5,760.14	4,263.19
Stationery & printing expenses	273.61	236.44
Directors sitting fees	19.25	14.07
Payment to auditors		
- Statutory audit	93.54	105.82
Provision for doubtful debts and advances	339.83	1.73
Provision for loan losses expenses	(16.82)	(412.32)
Provision for dimunition of investments	-	-
Net Loss on Foreign Currency Transactions		
Exchange Rate Difference on Translation (net)		
Advertisement, publicity and sales promotion expenses	953.88	1,169.38
(Write back) / provision for doubtful debts and inventory	-	-
Guarantee commission	-	-
Corporate social responsibility (CSR)	-	-
Miscellaneous expenses	7,135.39	18,823.27
Provision for Loan & Advances	-	
	90,400.81	**76,560.09**

(Currency: Indian Rupees in lakhs)

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

C. Financial risk management *(Continued)*

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

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

		31 March 2024	31 March 2023
Borrowings			
Fixed rate borrowings		73,260.45	43,961.45
Variable rate borrowings		19.56	1,475.25
	Total	**73,280.01**	**45,436.70**

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 2024				
Variable-rate instruments	(0.20)	0.20	(0.15)	0.15
Cash flow sensitivity (net)	**(0.20)**	**0.20**	**(0.15)**	**0.15**
31 March 2023				
Variable-rate instruments	(14.75)	14.75	(14.70)	14.70
Cash flow sensitivity (net)	**(14.75)**	**14.75**	**(14.70)**	**14.70**

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

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(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	40.67%	44,308.03	-9.69%	(724.33)	0.06%	0.11	-9.45%	(724.23)
Subsidiaries								
Indian								
FINO Payments Bank Limited	43.81%	47,725.57	85.31%	6,379.48	62.20%	113.80	84.76%	6,493.28
FINO Finance Private Limited	0.71%	768.53	-4.61%	(344.95)	17.00%	31.11	-4.10%	(313.83)
FINO Trusteeship Services Limited	0.23%	255.55	0.36%	26.62	0.00%	-	0.35%	26.62
FINO Financial Services Private Limited	0.00%	(4.80)	-0.01%	(0.76)	0.00%	-	-0.01%	(0.76)
Non-controlling interests in all subsidiaries	14.58%	15,883.67	28.65%	2,142.15	20.73%	37.93	28.46%	2,180.08
Total	**100.00%**	**108,936.55**	**100.00%**	**7,478.21**	**99.99%**	**182.95**	**100.00%**	**7,661.16**
Adjustments arising out of consolidation		(36,381.18)		605.16		-		605.16
As at 31 March 2024		**72,555.37**		**8,083.37**		**182.95**		**8,266.31**

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	44.88%	44,928.07	-11892.25%	(5,711.85)	-0.89%	1.22	6433.77%	(5,710.61)
Subsidiaries								
Indian								
FINO Payments Bank Limited	40.83%	40,872.09	9741.54%	4,678.86	74.24%	(101.55)	-5156.95%	4,577.31
FINO Finance Private Limited	0.48%	481.67	-1194.36%	(573.65)	1.89%	(2.59)	649.22%	(576.25)
FINO Trusteeship Services Limited	0.10%	104.51	97.36%	46.76	0.00%	-	-52.68%	46.76
FINO Financial Services Private Limited	0.00%	(4.04)	-0.48%	(0.23)	0.00%	-	0.26%	(0.23)
Non-controlling interests in all subsidiaries	13.70%	13,718.18	3348.24%	1,608.16	24.75%	(33.85)	-1773.61%	1,574.30
Total	**100.00%**	**100,100.47**	**100.04%**	**48.03**	**99.99%**	**(136.79)**	**100.00%**	**(88.76)**
Adjustments arising out of consolidation		(36,352.93)		4,963.17		-		4,963.17
As at 31 March 2023		**63,747.54**		**5,011.20**		**(136.79)**		**4,874.41**

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

35 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 2024	**FVTPL**	**FVOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Non-current investments								
Equity instruments	-	522.01	-	**522.01**	-	-	522.01	**522.01**
Debt instruments	-	5,027.05	-	**5,027.05**	5,027.05	-	-	**5,027.05**
Current investments	-	169,173.00	-	**169,173.00**	169,173.00	-	-	**169,173.00**
Financial assets not measured at fair value								
Non current financial assets								
Non current investments	-	-	0.35	**0.35**	-	-	0.35	**0.35**
Loans								
Loans to JLG groups	-	-	0.00	0.00	-	-	0.00	**0.00**
Loans to MSME	-	-	(0.58)	(0.58)	-	-	(0.58)	**(0.58)**
Other non current financial assets	-	-	21,848.04	**21,848.04**	-	-	18,538.32	**18,538.32**
Current financial assets								
Trade receivables	-	-	7,668.85	**7,668.85**	-	-	-	-
Cash and cash equivalents	-	-	63,386.50	**63,386.50**	-	-	-	-
Other bank balances	-	-	35,261.99	**35,261.99**	-	-	-	-
Loans								
Loans to JLG groups	-	-	(0.00)	**(0.00)**	-	-	-	-
Loans to MSME	-	-	0.29	**0.29**	-	-	-	-
Loans to employees	-	-	6.89	**6.89**	-	-	-	-
Others	-	-	1.21	**1.21**	-	-	-	-
Other current financial assets	-	-	4,632.50	**4,632.50**	-	-	-	-
	-	**174,722.06**	**132,806.05**	**307,528.11**	**174,200.06**	**-**	**19,060.10**	**193,260.15**
Financial liabilities not measured at fair value								
Long term borrowings	-	-	1,995.45	**1,995.45**	-	-	2,000.00	**2,000.00**
Short term borrowings	-	-	71,284.56	**71,284.56**	-	-	-	-
Lease liability	-	-	4,082.64	**4,082.64**	-	-	4,082.64	**4,082.64**
Trade and other payables	-	-	1,633.10	**1,633.10**	-	-	-	-
Other current financial liabilities	-	-	192,984.19	**192,984.19**	-	-	-	-
	-	**-**	**271,979.95**	**271,979.95**	**-**	**-**	**6,082.64**	**6,082.64**

(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.

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

35 Financial instruments – fair values and risk management *(Continued)*

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

	Carrying amount				Fair value			
31 March 2023	**FVTPL**	**FVOCI**	**Amortised Cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Non-current investments								
Equity instruments	-	522.01	-	**522.01**	-	-	522.01	**522.01**
Debt instruments	-	4,967.32	-	**4,967.32**	4,967.32	-	-	**4,967.32**
Current investments	-	109,089.15	-	**109,089.15**	109,089.15	-	-	**109,089.15**
Financial assets not measured at fair value								
Non current financial assets								
Non current investments	-	-	0.35	**0.35**	-	-	0.35	**0.35**
Loans								
Loans to JLG groups	-	-	-	**-**	-	-	-	**-**
Loans to MSME	-	-	-	**-**	-	-	-	**-**
Other non current financial assets	-	-	8,819.88	**8,819.88**	-	-	8,802.65	**8,802.65**
Current financial assets								
Trade receivables	-	-	7,237.23	**7,237.23**	-	-	-	-
Cash and cash equivalents	-	-	39,931.63	**39,931.63**	-	-	-	-
Other bank balances	-	-	45,541.21	**45,541.21**	-	-	-	-
Loans								
Loans to JLG groups	-	-	0.99	**0.99**	-	-	-	-
Loans to MSME	-	-	86.62	**86.62**	-	-	-	-
Loans to employees	-	-	11.68	**11.68**	-	-	-	-
Others	-	-	4.16	**4.16**	-	-	-	-
Other current financial assets			6,332.70	**6,332.70**	-	-	-	-
	-	**114,578.47**	**107,966.43**	**222,544.92**	**114,056.47**	**-**	**9,325.01**	**123,381.47**
Financial liabilities not measured at fair value								
Long term borrowings	-	-	1,993.07	**1,993.07**	-	-	2,000.00	**2,000.00**
Short term borrowings	-	-	43,443.63	**43,443.63**	-	-	-	-
Lease liability	-	-	3,531.30	**3,531.30**	-	-	3,531.30	**3,531.30**
Trade and other payables	-	-	2,251.13	**2,251.13**	-	-	-	-
Other current financial liabilities	-	-	141,576.82	**141,576.82**	-	-	-	-
	-	**-**	**192,795.95**	**192,795.95**	**-**	**-**	**5,531.30**	**5,531.30**

(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.

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

35 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 instruments, discounted cash flow method is used to capture the present value of expected future economic benefits. Under the discounting cash flow method, the net cash flows expected to be generated are discounted using weighted average cost of capital.
Security deposits	The valuation model considers present value of expected payments discounted using the Government of India bond rate for the remaining maturity of the instrument.
Loans to JLG groups and MSME	The valuation model considers present value of expected payments discounted using an appropriate discounting rate.

Sensitivity analysis on level 3 fair values
For the fair values of Investment in equity instruments, reasonably possible changes at the reporting date to one of the significant observable inputs, holding other inputs constant, would have the following effects:

	31 March 2024			
Significant observable inputs	**Input considered**	**Equity**	**Input considered**	**Equity**
	Increase		**Decrease**	
Long term growth rate	4.50%	6.43	3.50%	(6.10)
Cost of equity	22.30%	22.44	24.30%	(19.97)

	31 March 2023			
Significant observable inputs	**Input considered**	**Equity**	**Input considered**	**Equity**
	Increase		**Decrease**	
Long term growth rate	4.50%	6.43	3.50%	(6.10)
Cost of equity	22.30%	22.44	24.30%	(19.97)

The above sensitivity disclosure pertains to TAP Smart Data Information Services Private Limited only.

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 Company'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)

35 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 2024	31 March 2023
Loans to JLG	2,162.56	2,211.94
Trade receivables	9,221.01	8,424.94
	11,383.56	**10,636.88**

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.

(Currency: Indian Rupees in lakhs)

35 Financial instruments – fair values and risk management *(Continued)*

C. Financial risk management *(Continued)*

Inputs considered in the ECL model:
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and including forward looking information.

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the loans have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial instrument.

The Group categorises loan assets into stages based on the days past due status.
- Stage 1: 0-30 days past due
- Stage 2: 31- 90 days past due
- Stage 3: More than 90 days past due

Assumption considered in the ECL model:
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. However in absence of such data we have used proxy rate as prescribed by regulatory authority.
- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12 month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD.
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Group.

Estimation techniques:
The Lending business has applied the following estimation technique for ECL model:
- The probability of default is computed using a "roll rate" method based on the probability of receivable progressing through successive stages based on past portfolio
- Loss given default is calculated at the rate prescribed by regulatory authority.
- For FLDGs placed for BC Lending business, the ECL shall be calculated as lower of :
  1. ECL on the underlying loan portfolio
  2. Amount of FLDGs provided

Forward looking information:
The group incorporates forward looking information into both assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of a variety of external actual and forecast information, the group forms a 'base case' view of the future direction of relevant economic variables such as real GDP, private consumption, domestic demand and money supply as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

Assessment of significant increase in credit risk:
The credit risk on a financial asset of the group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been 30 days past due.

Definition of default:
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which the group operates and other micro-economic factors. Accordingly the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due.

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

Trade Receivables	**31 March 2024**	**31 March 2023**
Less than 180 days	7,668.85	7,237.23
More than 180 days	1,552.15	1,187.71
Closing balance	**9,221.01**	**8,424.94**

JLG Loans	**31 March 2024**	**31 March 2023**
Stage 1	-	0.35
Stage 2	-	3.14
Stage 3	2,162.56	2,208.45
Closing balance	**2,162.57**	**2,211.95**

(Currency: Indian Rupees in lakhs)

35 Financial instruments – fair values and risk management *(Continued)*

C. Financial risk management *(Continued)*

MSME & other loans	31 March 2024	31 March 2023
Stage 1	19.92	70.36
Stage 2	5.51	24.41
Stage 3	324.78	322.65
Closing balance	**350.21**	**417.43**

Loss allowance

The following table shows movement in the loss allowance in respect of trade receivables:

	31 March 2024	31 March 2023
Trade receivables		
Opening balance	**1,187.71**	**1,187.35**
Net impairment loss recognised	364.44	0.36
Balance written back	-	-
Closing balance	**1,552.15**	**1,187.71**

Loss allowance

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

	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
Loans to joint liability groups				
Balance as at 31 March 2022	**11.62**	**70.94**	**2,454.73**	**2,537.28**
Transfer to 12 month ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	(0.00)	0.00	-	-
Transfer to Lifetime ECL credit impaired	(1.43)	(23.82)	25.25	-
Net remeasurement of loss allowance	(10.16)	(44.65)	(271.53)	**(326.34)**
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Balance as at 31 March 2023	**0.03**	**2.47**	**2,208.46**	**2,210.94**
Transfer to 12 month ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(0.03)	(2.47)	(45.90)	**(48.39)**
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Balance as at 31 March 2024	**(0.00)**	**0.00**	**2,162.57**	**2,162.55**

(Currency: Indian Rupees in lakhs)

35 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 MSME				
Balance as at 31 March 2022	6.87	15.20	331.46	353.53
Transfer to 12 months ECL				-
Transfer to Lifetime ECL not credit impaired	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-
Net remeasurement of loss allowance	(5.40)	(8.53)	(8.80)	**(22.73)**
New financial assets originated or purchased	-	-	-	-
Balance as at 31 March 2023	**1.47**	**6.67**	**322.66**	**330.80**
Transfer to 12 months ECL	-	-	-	-
Transfer to Lifetime ECL not credit impaired	-	-	-	-
Transfer to Lifetime ECL credit impaired	-	-	-	-
Net remeasurement on account of interest exposure	**0.03**	**0.53**	-	**0.57**
Net remeasurement of loss allowance	**18.42**	**(1.69)**	**2.23**	**18.96**
New financial assets originated or purchased	-	-	-	-
Balance as at 31 March 2024	**19.92**	**5.51**	**324.88**	**350.32**

FLDGs placed for BC lending	31 March 2024	31 March 2023
Opening balance	**242.60**	**550.48**
Net Impairment loss recognised	-	(307.88)
Balance written back	-	-
Closing balance	**242.60**	**242.60**

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

Other advances	31 March 2024	31 March 2023
Opening balance	**19.46**	**96.06**
Net Impairment loss recognised	**-**	-
Balance written back	**10.07**	(76.60)
Closing balance	**29.53**	**19.46**

'12 month ECL' and 'Lifetime ECL not impaired' are collectively assessed. 'Lifetime ECL credit impaired' are individually assessed. Loans which are written off continue to be subject to enforcement activity.

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.

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 residential house property of the MSME borrowers to cover any shortfall in outstanding loan principal and accrued interest. Such mortgage of residential house 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 40%.

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 4 states in India with no concentration in any single area within a particular state.

(Currency: Indian Rupees in lakhs)

35 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 2024	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Working capital loans from banks	71,284.56	**71,284.56**	71,284.56	-	-	-	-
Subordinated debt	1,995.45	**1,995.45**	1,995.45	-	-	-	-
Trade and other payables	1,633.10	**1,633.10**	1,633.10	-	-	-	-
Other current financial liabilities	192,984.18	**192,984.18**	192,984.18	-	-	-	-
Lease liabilities	4,082.64	**3,534.92**	437.99	414.45	709.34	1,569.37	403.77

			Contractual cash flows				
31 March 2023	**Carrying amount**	**Total**	**Less than 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Working capital loans from banks	43,443.63	**43,443.63**	43,443.63	-	-	-	-
Subordinated debt	1,993.07	**2,750.82**	146.19	144.60	290.00	2,170.03	-
Trade and other payables	2,251.13	**2,293.69**	2,293.69	-	-	-	-
Other current financial liabilities	141,576.81	**141,540.70**	141,540.70	-	-	-	-
Lease liabilities	3,531.30	**4,415.50**	538.61	540.24	980.27	2,050.19	306.19

(Currency: Indian Rupees in lakhs)

35 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 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 2024, 31 March 2023 are as below:

	31 March 2024 USD	31 March 2024 EURO	31 March 2024 BDT
Financial assets			
Cash and cash equivalents	-	-	-
Trade and other receivables	-	-	-
	-	-	-
Financial liabilities			
Trade and other payables	-	-	-
	-	-	-

	31 March 2023 USD	31 March 2023 EURO	31 March 2023 BDT
Financial assets			
Cash and cash equivalents	-	-	-
Trade and other receivables			
	-	-	-
Financial liabilities			
Trade and other payables	-	-	-
	-	-	-

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Notes to the consolidated financial statements *(Continued)*
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(Currency: Indian Rupees in lakhs)

35 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 2024	**31 March 2023**
USD 1	**NA**	**NA**
EUR 1	**NA**	**NA**
BDT 1	**NA**	**NA**

Sensitivity analysis

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

	Profit / (loss)		Equity (net of tax)	
	Strengthening	**Weakening**	**Strengthening**	
31 March 2024				
USD - 3% Movement	-	-	-	-
EUR - 3% Movement	-	-	-	-
BDT -3% Movement	-	-	-	-
	-	-	-	-

	Profit / (loss)		Equity (net of tax)	
	Strengthening	**Weakening**	**Strengthening**	
31 March 2023				
USD - 1% Movement	-	-	-	-
EUR - 3% Movement	-	-	-	-
	-	-	-	-

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

36 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and other equity reserves . The the Group’s objective when managing capital are to :
a) maximise shareholders value and provide benefit to stakeholders and
b) maintain an optimal capital structure to reduce the cost of capital,

The Group monitors capital using Adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total liabilities (non-current and current liability) less cash and cash equivalent. Equity comprises of all components of equity.

	31 March 2024	31 March 2023
Total liabilities	**286,120.61**	**198,221.81**
Gross Debt	**286,120.61**	**198,221.81**
Less - Cash and Cash Equivalents	(63,386.50)	(39,931.63)
Adjusted Net debt	**222,734.10**	**158,290.20**
Total equity	**72,555.37**	**63,747.52**
Adjusted Net debt to equity ratio	**3.07**	**2.48**

Currency: Indian Rupees in lakhs

37 Share-based payment arrangements:

1. ESOP scheme under Fino Paytech Limited

A. Description of share-based payment arrangements

i. Share option programs (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.

ESOP

Grant Date	No. of Options	Exercise Price	Vesting Period (years)	Vesting Conditions
01-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.
03-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.
01-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
01-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
01-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
01-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
01-Mar-12	82,500	75.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-Mar-14	200,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
06-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
01-Jul-15	75,000	80.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-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
03-Apr-18	100,000	100.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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
01-Mar-19	255,000	105.00	1 to 4	25% of the options at the end of years' 1 2 3 and 4 respectively
01-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 valuation per share as on 31 March 2024 was INR 172 derived by registered valuer. In current year 1,63,457 shares were exercised in form of ESOPs.

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 2024	Share options 31 March 2023
03-Sep -07 to 01 Apr-09	20	297,455	376,489
01-Aug-10	30	334,098	355,653
01-Oct-11 to 01-Mar-12	75	436,125	443,310
01-Aug-12 to 01-Jul-15	80	1,312,681	1,366,568
1-Dec-15 to 15-Apr-16	71	5,389	5,389
16-Aug-17 to 03-Apr-18	100	967,156	968,952
01-Aug-18 to 01-Mar-19	105	333,870	333,870
01-Jul-19	100	569,724	569,724

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 behaviour. The company has granted no options during financial year 2023-24 and 2022-23.

	31 March 2024	31 March 2023
Grant date	Nil	Nil
Fair value at grant date	Nil	Nil
Share price at grant date	Nil	Nil
Exercise price	Nil	Nil
Expected volatility (weighted-average)	Nil	Nil
Expected life (weighted-average)	Nil	Nil
Expected dividends	Nil	Nil
Risk-free interest rate (based on government bonds)	Nil	Nil

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.

Particulars	31 March 2024		31 March 2023	
	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	**78.97**	**4,414,955**	**78.79**	**6,355,250**
Add: Options granted during the year	-	-	-	-
Less: Options exercised during the year	44.40	163,457	-	-
Less: Options lapsed during the year	-	-	82.34	302,125
Less : Options surrendered during the year*	-	-	77.66	1,638,170
Options outstanding as at the year end	**80.30**	**4,251,498**	**78.97**	**4,414,955**
Options exercisable as at the year end	**80.30**	**4,251,498**	**78.01**	**4,227,455**

*the liquidation of stock options was approved by the company at a price of Rs. 252 less exercise price to eligible option holders in FY 2022-23.

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 31.64 lakhs (31 March 2023 : INR 64.97 lakhs).

2. Fino Payments Bank (FPB)
Share option programs (equity-settled)

1. ESOP scheme under Fino Payments Bank Limited
A. Description of share-based payment arrangements

i. Share option programs (equity-settled)

The Company has two Employee Stock Option Plan ESOP I 2021 (‘Plan’) & ESOP II 2024 ('Plan') in force for a total grant of 24,47,823 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.

ESOP

Grant Date	No. of Options	Exercise Price	Vesting Period (years)	Vesting Conditions
19-Jul-21	1,365,410.00	342.89	1 to 3	33% of the options at the end of years’ 1, 2 and 3 respectively
11-Jan-24	1,082,410.00	223.95	1 to 3	33% of the options at the end of years’ 1, 2 and 3 respectively

The weighted average share price as at the date of exercise of options exercised during previous year ended 31 March 2024 was INR 284.16. Since the company is listed, the weighted average price is calculated as an average of share price on the National Stock Exchange available during the year. No shares are exercised in the current year.

Grant date	Exercise price	Share options 31 March 2024	Share options 31 March 2023
19-Jul-21	342.89	1,260,925.00	1,310,228.00
11-Jan-24	223.95	1,082,410.00	-

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 behaviour.

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

	ESOP II 2024 ('Plan')	ESOP I 2021 ('Plan')
Grant date	11-Jan-24	19-Jul-21
Fair value at grant date	298.6	600
Share price at grant date	298.6	600
Exercise price	223.95	342.89 (Post Bonus)
Expected volatility (weighted-average)	24.64%	29.76%
Expected life (weighted-average)	4.5 Years	3.5 Years
Expected dividends	-	-
Risk-free interest rate (based on government bonds)	7.03%	5.25%

C. Reconciliation of outstanding share options

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

Particulars	31-Mar-24	31-Mar-23
	Number of options	Number of options
Options outstanding as at the beginning of the year	1,310,228.00	1,365,410.00
Add: Options granted during the year	1,082,410.00	-
Less: Options exercised during the year	-	-
Less: Options lapsed during the year	49,306.00	55,182.00
Less : Options surrendered during the year*	NA	-
Options outstanding as at the year end	2,343,335.00	1,310,231.00
Options exercisable as at the year end	871,419.00	451,307.00

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 439.88 lakhs (31 March 2023 : INR 762.75 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 945.44 lakhs (31 March 2023 : 931.22 lakhs) as expenditure and included under 'Employee benefit expenses' in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

Gratuity :

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The calculation of the Group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

Compensated absences :

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

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity and compensated absences amounts recognised in the Group’s financial statements as at balance sheet date:

		Gratuity		Compensated absences	
	Note	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Liability at the end of the year	**19, 26**	1,436.77	1,257.85	118.71	111.18
Fair value of Plan Assets at the end of the year		-	-	-	-
Net Obligation at the end of the year		**1,436.77**	**1,257.85**	**118.71**	**111.18**

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Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

38 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:

	Gratuity					
	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Opening balance	**1,161.36**	**1,066.76**	**-**	**-**	**1,161.36**	**1,066.76**
Included in profit or loss						
Current service cost	182.58	176.93	-	-	182.58	176.93
Past service cost	-		-	-	-	-
Interest cost (income)	91.44	60.94	-	-	91.44	60.94
	1,435.39	**1,304.63**	**-**	**-**	**1,435.39**	**1,304.63**
Included in OCI						
Remeasurement loss (gain):	-	-	-	-	-	-
Actuarial loss (gain) arising from:						
Demographic assumptions	**1.53**	(82.92)	-		1.53	(82.92)
Financial assumptions	**43.48**	92.96	-	-	43.48	92.96
Experience adjustment	**83.30**	1.59	-	-	83.30	1.59
	1,563.70	**1,316.26**	**-**	**-**	**1,563.70**	**1,316.26**
Other	-	-	-	-	-	-
Contributions paid by the employer	-	-	-	-	-	-
Benefits paid	**(159.01)**	(154.90)	-	-	(159.01)	(154.90)
Closing balance	**1,404.70**	**1,161.36**	**-**	**-**	**1,404.70**	**1,161.36**

C. Defined benefit obligations

i. Actuarial assumptions

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

	31 March 2024	31 March 2023
Discount rate	**7.10%- 7.15%**	**5.6%- 6.55%**
Expected Rate of Return on Plan Assets	**-**	**-**
Salary escalation rate	**8.10% - 9.10%**	**5.20%- 8.40%**
Employee Turnover	**15%- 30%**	**15%- 30%**
Mortality rate	**100% of IALM 2012-14**	**100% of IALM 2012-14**

(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			
	31 March 2024		31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	1,390.14	1,486.51	1,217.15	1,301.27
Future salary growth (1% movement)	1,485.17	1,390.51	1,300.52	1,217.10
Withdrawal rate (1% movement)	1,368.61	1,572.89	1,215.64	1,333.56

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 2024 were as follows

Expected future benefit payments	
March 31, 2025	**414.52**
March 31, 2026	**320.86**
March 31, 2027	**254.02**
March 31, 2028	**207.16**
March 31, 2029	**180.23**
Thereafter	**505.83**

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Notes to the financial statements (continued)
For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

Note 39 : Leases

Right-of-use (ROU) asset

Particulars	Building	Office Equipment	Total
Gross Block			
Opening balance as on 01 April 2022	**4,470.27**	**482.93**	**4,953.20**
Additions	486.01	-	486.01
Deletions	(327.24)	-	(327.24)
Closing Balance as on 31 March 2023	**4,629.05**	**482.93**	**5,111.98**
Accumulated depreciation			
Opening balance as on 01 April 2022	**1,364.58**	**116.32**	**1,480.90**
Depreciation for the period	743.86	53.41	797.27
Depreciation on deletions	(185.46)	-	(185.46)
Closing Balance as on 31 March 2023	**1,922.98**	**169.73**	**2,092.71**
Net block	**2,706.07**	**313.20**	**3,019.27**
Gross Block			
Opening balance as on 01 April 2023	**4,629.05**	**482.93**	**5,111.98**
Additions	1,878.90	-	1,878.90
Deletions	-717.22	-	(717.22)
Closing Balance as on 31 March 2024	**5,790.73**	**482.93**	**6,273.66**
Accumulated depreciation			
Opening balance as on 01 April 2023	**1,922.98**	**169.73**	**2,092.71**
Depreciation for the period	793.24	53.56	846.80
Depreciation on deletions	-244.42	-	(244.42)
Closing Balance as on 31 March 2024	**2,471.80**	**223.29**	**2,695.09**
Net block	**3,318.92**	**259.64**	**3,578.56**

Lease liabilities included in the balance sheet	**As at 31 March 2024**	**As at 31 March 2023**
Current	902.28	768.71
Non-current	3,180.36	2,762.59
	4,082.64	**3,531.30**

Amounts recognised in the statement of profit and loss	**Year ended 31 March 2024**	**Year ended 31 March 2023**
Interest on lease liabilities	363.20	379.44
Expenses relating to leases of low-value assets (Net)	759.92	604.57
Lease Concessions	-	-
Total	**1,123.12**	**984.01**

The maturity analysis of lease liabilities are disclosed in Note no. 35 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 Company by the weighted average number of Equity shares outstanding during the year.

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

	31 March 2024	31 March 2023
i. Profit attributable to Equity holders of Company		
Profit attributable to equity holders of the Company:		
Continuing operations	5,941.36	3,403.04
Less: Preference dividend including tax thereon	(0.02)	(0.02)
Profit attributable to equity holders of the Company for basic earnings	**5,941.34**	**3,403.02**
Profit attributable to equity holders of the Company adjusted for the effect of dilution	**5,941.34**	**3,403.02**
ii. Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	104,398,084	109,174,205
Effect of shares bought back	-	(1,979,746)
Effect of share options exercised	66,544	-
Treasury shares		8,274
Conversion of share warrants	-	-
Right Issue of shares during the period	-	-
Weighted average number of shares at 31 March	**104,464,628**	**107,202,733**
Convertible preference shares	22,788,561	23,399,870
Share warrants	-	-
Weighted average number of shares at 31 March for basic EPS	**127,253,189**	**130,602,603**
Weighted average number of shares at 31 March	127,253,189	130,602,603
Add: Potential Equity Shares	2,269,316	2,475,079
Weighted average number of shares at 31 March for diluted EPS	**129,522,505**	**133,077,682**

	31 March 2024	31 March 2023
Basic earnings per share	**5.69**	**3.17**
Diluted earnings per share	**4.59**	**2.56**

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Notes to the consolidated financial statements *(Continued)*

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(Currency: Indian Rupees in lakhs)

41 Tax expense

(a) Amounts recognised in profit and loss

	31 March 2024	31 March 2023
Current income tax		
Current period (A)	50.31	37.26
Changes in estimated related to prior years (B)	(143.25)	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(34.60)	1,181.80
Reduction in tax rate	-	-
Recognition of previously unrecognised tax losses	-	-
Change in recognised deductible temporary differences	-	-
Deferred tax expense (C)	**(34.60)**	**1,181.80**
Tax expense for the year (A)+(B)+(C)	**(127.55)**	**1,219.06**

(b) Amounts recognised in other comprehensive income

	Year ended31 March 2024			Year ended31 March 2023		
	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)	(63.01)	-	(63.01)	(2.47)	-	(2.47)
Equity investments through other comprehensive income - net change in fair value	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
Investments measured at FVOCI	245.96	-	245.96	(134.31)	-	(134.31)
	182.95	**-**	**182.95**	**(136.79)**	**-**	**(136.79)**

(c) Reconciliation of effective tax rate

	Year ended 31 March 2024	Year ended 31 March 2023
Profit before tax	7,955.83	6,230.26
Tax using the Company's domestic tax rate	2,002.32	1,619.87
Tax effect of:		
Tax impact of income not subject to tax	-	-
Tax effects of amounts which are not deductible for taxable income	(655.31)	0.29
Tax effect on items on which no deferred tax was recognized	-	39.12
Deferred tax assets not recognized because realization is not probable	-	847.39
Effect of permanent difference on utilization of loss	(1,392.90)	-
On account of consolidation adjustments	(152.30)	(1,290.39)
Others	70.64	2.83
	(127.55)	**1,219.10**

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

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(Currency: Indian Rupees in lakhs)

41 Tax expense *(Continued)*

(d) Movement in deferred tax balances

	31 March 2024						
	Net balance 01 April 2023	Recognised in profit or loss	Recognised in OCI	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	297.70	(56.08)	-	-	**241.62**	**241.62**	-
leases	28.42	(10.08)	-	-	**18.34**	**18.34**	-
Security deposits	8.07	(39.56)	-	-	**(31.49)**	-	**(31.49)**
Borrowings	(1.80)	-			**(1.80)**	-	**(1.80)**
Loans	-	-			-	-	-
Provisions	257.83	141.76	-	-	**399.59**	**399.59**	-
Brought forward losses and unabsorbed depreciation	-	-	-	-	-	-	-
Equity instrument through OCI	(6.30)	0.20	-	-	**(6.10)**	-	**(6.10)**
MAT Credit	-	-	-	-	-	-	-
Other items	2.27	(1.63)	-	-	**0.64**	**0.64**	-
Tax assets (Liabilities)	**586.19**	**34.60**	-	-	**620.80**	**660.19**	**(39.39)**
Set off tax							
Net tax assets	**586.19**	34.60	-	-	**620.80**	**660.19**	**(39.39)**

(e) Movement in deferred tax balances

	31 March 2023						
	Net balance 01 April 2022	Recognised in profit or loss	Recognised in OCI	Other	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	362.10	(64.39)	-	-	**297.70**	**297.70**	-
Leases	24.41	4.01	-	-	**28.42**	**28.42**	-
Security deposits	10.63	(2.56)	-	-	**8.07**	**8.07**	-
Borrowings	(2.42)	0.62			**(1.80)**	-	**(1.80)**
Loans	-	-			-	-	
Provisions	1,108.44	(850.61)	-	-	**257.83**	**257.83**	-
Brought forward losses and unabsorbed depreciation	263.82	(263.82)	-	-	-	-	-
Equity instrument through OCI	(6.30)	-	-	-	**(6.30)**	-	**(6.30)**
MAT Credit	-	-			-	-	
Other items	7.31	(5.04)	-	-	**2.27**	**2.27**	-
Tax assets (Liabilities)	**1,768.00**	-	-	-	**586.19**	**594.29**	**(8.10)**
Set off tax							
Net tax assets	**1,768.00**	-	-	-	**586.19**	**594.29**	**(8.10)**

(Currency: Indian Rupees in lakhs)

41 Tax expense *(Continued)*

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

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

Tax losses carried forward

	31 March 2024	Expiry date	31 March 2023	Expiry date
Business losses	**3,205.95**	**31-03-26**	**2,592.80**	**31-03-26**
Business losses	**-**	**31-03-27**	**3,817.20**	**31-03-27**
Business losses	**-**	**31-03-28**	**580.35**	**31-03-28**
Business losses	**1,902.82**	**31-03-29**	**1,902.82**	**31-03-29**
Business losses	**7,757.83**	**31-03-30**	**7,757.63**	**31-03-30**
Business losses	**3,797.36**	**31-03-31**	**3,739.24**	**31-03-31**
Business losses	**495.68**	**31-03-32**	**-**	**31-03-32**
Unabsorbed depreciation	**6,140.61**	**No expiry**	**7,105.15**	**No expiry**
	23,300.24		**27,495.21**	

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

	Year ended 31 March 2024	Year ended 31 March 2023
Deductible temporary differences [Gross amount]	6,745.12	7,700.10
MAT credit entitlement	-	259.40
Tax losses [Gross amount]	5,864.21	7,109.43
	12,609.34	**15,068.93**

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(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.	India	100.00%
	FINO Payments Bank Limited.	India	75.00%
	FINO Trusteeship Services limited	India	100.00%
	FINO Financial Services Private Limited	India	100.00%
2	**Names of related parties by whom significant influence is exercised**		
	Bharat Petroleum Corporation Limited	India	26.77%
3	**Key Management Personnel & Director**		
	Mr. Amit Kumar Jain – Whole-time Director		
	Mr. Suraj Gujja – Company Secretary – Appointed w.e.f 28.06.2023.		
	Mr. Rakesh Tripathi – Chief Financial Officer – Ceased w.e.f 20.05.2023		
	Mr. Ashok Kini – Independent Director		
	Dr. Apurva Joshi – Independent Director		
	Mr. Rajeev Deoras – Independent Director		
	Mr. Manoj Heda – Nominee Director of Bharat Petroleum Corporation Limited (BPCL)		
	Mr. Prateek Roongta – Nominee Director of Blackstone GPV Capital Partners (Mauritius) VI-B FDI Ltd.		
	Mr. Marcus Peter Strutt Thompson – Nominee Director of HAV3 Holdings (Mauritius) Limited		

B. Transactions with key management personnel

i. Key management personnel compensation

Sr. No.	Particulars	Year ended 31 March 2024	Year ended 31 March 2023
i.	Short-term employee benefits	**109.32**	78.89
ii.	Post-employment defined benefit	**7.67**	5.41
iii.	Share based payments	-	-
iv.	Compensated absences	-	-

Notes to the consolidated financial statements *(Continued)*
For the Year ended 31 March 2024

(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

Nature of Transaction	Related party by whom significant influence in exercised	Key Management Personnel	Total
Purchase of services			
31 March 2024	-	-	-
31 March 2023	-	-	-
Sale of Services			
31 March 2024	**253.74**	-	**253.74**
31 March 2023	322.97	-	**322.97**
Loans given			
31 March 2024	-	-	-
31 March 2023	-	-	-
Loans repaid			
31 March 2024	-	-	-
31 March 2023	-	-	-
Interest on loan			
31 March 2024	-	-	-
31 March 2023	-	-	-
Director Sitting Fees			
31 March 2024	-	**16.50**	**16.50**
31 March 2023	-	10.00	**10.00**
Balance Outstanding			
Trade Receivables			
31 March 2024	**41.05**	-	**41.05**
31 March 2023	41.68	-	**41.68**
Share warrants			
31 March 2024	-	-	-
31 March 2023	-	-	-
Bank balances			
31 March 2024	-	-	-
31 March 2023	-	-	-
Other payables			
31 March 2024	-	-	-
31 March 2023	-	-	-
Vehicle loan			
31 March 2024	-	-	-
31 March 2023	-	-	-
Loan			
31 March 2024	-	-	-
31 March 2023	-	-	-
Equity shares held in Intrepid			
31 March 2024	-	-	-
31 March 2023	-	-	-

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.

(Currency: Indian Rupees in lakhs)

44 Contingent liabilities

	31 March 2024	31 March 2023
a. Contingent liabilities		
(i) Value added tax and entry tax	24.07	156.51
(ii) Bank Guarantees	663.57	331.04
(iii) Capital Commitments	546.00	339.51
(iv) Corporate guarantee issued on behalf of subsidiaries	-	-
(v) Employer's contribution to PF	368.25	368.25
(vi) Income tax notice u/s 143(3)	-	366.65
(vii) Service Tax	-	14,220.96
(viii) Thane District Court	-	3,234.20
(ix) Others	775.50	-

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

b. Capital Commitments
The Group has capital commitments of INR 546 lakhs at 31 March 2024 (31 March 2023: INR 339.51 lakhs).

45 Foreign currency transactions

Expenditure in foreign currency	**31 March 2024**	**31 March 2023**
Director siting fees	-	3.75
Membership fees	0.65	44.29
Legal and professional fees	-	-
	0.65	**48.04**
Income earned in foreign currency		
Sale of services	-	-
Other non operating income	-	-
	-	-

46 Other notes

a Social Security Code , 2020

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

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

FINO PayTech Limited

Notes to the consolidated financial statements *(Continued)*

For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

47 Segment reporting

The main business of the Group is to carry on the activity of promoting sustainable livelihood for the rural poor and underserved classes by helping them becoming economically self-reliant, through the provision of financial services and technical assistance in an integrated and sustainable manner. Since the business operations of the Group are primarily concentrated in India, the Group is considered to operate only in the domestic segment.

The Group has identified four reportable business segment viz. Corporate Business, Lending, Retail and Others. Corporate business includes customer acquisition on behalf of other banks and servicing them 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 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
1	**Segment Revenue**										
	External Turnover	13,943.24	13,792.94	225.41	455.32	119,670.87	99,887.77	91.66	806.94	**133,931.18**	114,942.96
	Inter Segment Turnover	-		-	-	-	-	-	-	**-**	-
	Total Turnover	**13,943.24**	13,792.94	**225.41**	455.32	**119,670.87**	99,887.77	**91.66**	806.94	**133,931.18**	114,942.96
	Other Income	211.74	3,528.13	1.05	15.54	-	-	15,595.55	10,643.48	**15,808.34**	14,187.15
	Inter Segment Turnover	-		-	-	-	-	-	-	**-**	-
	Total Income	**14,154.98**	17,321.06	**226.46**	470.87	**119,670.87**	99,887.77	**15,687.21**	11,450.42	**149,739.52**	129,130.11
2	**Segment Result before Interest and Taxes**	(11,166.40)	(4,368.90)	(78.95)	(279.57)	31,536.33	19,700.86	14,674.72	9,925.54	**34,965.71**	24,977.93
	Less : Interest Expense	1,093.50	737.46	297.56	292.08	2,978.23	2,024.10	4,200.50	2,361.73	**8,569.79**	5,415.37
	Less : Unallocated Expenses	-	-	-	-	-		-		**18,440.10**	13,332.36
	Profit Before Tax	**(12,259.89)**	(5,106.36)	**(376.51)**	(571.65)	**28,558.10**	17,676.76	**10,474.22**	7,563.81	**7,955.83**	6,230.20
	Tax	(114.70)	1,181.80	(31.64)	-	-	-	18.79	37.26	**(127.55)**	1,219.06
	Profit After Tax	**(12,145.21)**	(6,288.17)	**(344.87)**	(571.65)	**28,558.10**	17,676.76	**10,455.43**	7,526.55	**8,083.37**	5,011.14
3	**Other Information**										
	Segment Assets	16,740.67	17,520.46	2,977.56	2,907.90	50,809.31	34,158.08	42.53	5.95	**70,570.07**	54,592.39
	Add: Unallocated corporate assets	-	-	-	-	-	-	-	-	**288,105.90**	207,419.58
	Total segment assets									**358,675.97**	262,011.85
	Segment Liabilities	19,887.26	24,139.63	2,209.04	2,426.26	200,129.45	140,588.49	12.66	14.34	**222,238.41**	167,168.72
	Add: Unallocated corporate liabilities	-	-	-	-	-	-	-	-	**63,882.20**	31,095.66
	Total segment liabilities									**286,120.61**	198,264.37
	Depreciation and amortization expense									**6,321.25**	5,044.06

(Currency: Indian Rupees in lakhs)

48 Transfer of financial assets

The Group transfers financial assets, primarily loans to Joint Liability Groups, that are not derecognised as the Company has continuing involvement.

Securitisations:

Transfer of financial assets that do not result in derecognition

The Company was party to securitisation transactions involving its Joint Liability Group loan portfolio.

In these transactions, the assets, interests in the assets, or beneficial interest in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues pass through certificates to third party investors.

In the securitisations in which the Company transfers loans and advances to an unconsolidated securitisation vehicle, it retains the credit risk principally by way of credit enhancements placed with the SPV's. The Company does not transfer substantially all of the risks and rewards of these assets.
Hence, the company continues to recognize the securitised portfolio in its books of accounts.

The following table shows the carrying amount of the securitised assets that have not resulted in derecognition, together with the associated liabilities :

31 March 2024	**Loans to Joint liability group**	**Credit enhancements**
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

31 March 2023	**Loans to Joint liability group**	**Credit enhancements**
Carrying amount of assets	-	-
Carrying amount of associated liabilities	-	-

(Currency: Indian Rupees in lakhs)

49 Master netting or similar agreements

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 March.

Particulars	Effects of offsetting on the balance sheet			Related amounts not offset in the balance sheet		
	Gross Amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
31 March 2024						
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 2023						
Financial assets						
Bank balances other than cash and cash equivalents	-	-	-	-		-
Total	-	-	-	-	-	-
Financial liabilities						
Long term borrowings	-		-	-		-
Total	-	-	-	-	-	-

(Currency: Indian Rupees in lakhs)

50 Involvement with unconsolidated structured entities

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of structured entities	Nature and purpose	Interest held by the Company	Total Assets 31 March 2024	Total Assets 31 March 2023
Securitisation vehicle for loans and advances	To generate:			
	- Funding for the Company's lending activities,	- Credit enhancements placed with the SPV's	-	-

(Currency: Indian Rupees in lakhs)

51 Subsequent Events

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

52 Litigation

(a) HDFC Bank Limited (Applicant) has filed a petition before the Debt Recovery Tribunal – II at Mumbai ("Debt Recovery Tribunal") against Fino Payments Bank (in the erstwhile name of the Bank i.e. Fino Fintech Foundation) and Fino PayTech Limited on September 9, 2014. The Bank acted as a business correspondent to the Applicant for rendering banking services on the Applicant's behalf, under the Memorandum of Understanding dated August 28, 2009, between the Applicant and Government of Haryana for implementation of scheme for electronic disbursement of various government entitlements. The Applicant has alleged certain irregularities by the Bank in its role as a business correspondent and has claimed that an amount of ₹ 1.86 crores, including damages, is owed by the Bank to the Applicant. According to the DRT Filing Department the claim is not maintainable before DRT since the amount involved in the matter does not qualify as a Debt under the definition of "Debt" as per DRT regulations hence shall be out of the purview of DRT. The Bank has not recorded contingent Liability in respect of the above litigation and objected the petition on the same ground and argued the matter in favour of the objection by the DRT filing Department.

(b) The Bank has received the order from Assistant Commissioner CGST & Central Excise Division-II, Bhopal Madhya Pradesh for GST demand of Rs. 7.92 Lakhs along with applicable interest and penalty demand of Rs. 22.57 lakhs for short reversal of Input tax Credit as per Rule 42 of CGST Rule, 2017 for the period 2017-18 to 2020-21. The Bank is in the process of filing the appeal with the Appellate Authority under sub-section (1) of Section 107 of GST Act, against the order passed by the assistant commissioner, CGST & Central Excise Division-II Bhopal as the order is not as per the provisions of law. The Banks is of the view that the appeal before the appellate authorities is likely to be decided in favor of the Bank, hence no provision is required. However, the bank has disclosed as part of the contingent liability in the Balance Sheet.

(c) Bank has few Direct Tax litigations of earlier year's wherein probability of getting favorable judgments are high. There is remote possibility of probable cash out flow in respect of such litigations & hence not shown under contingent liability.

(d) Fino PayTech Limited has pending litigations under Income Tax Act for the year 2014-15 and 2018-19. Total addition made in income is amounting to INR 2109.57 lakhs, the company is contensting at Appealate authority and expect that Matter will be in our favour.

(e)There are pending litigations in Fino Paytech Limited 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 Gujrat VAT Act, department has raised CST demand.

Total liability under dispute is amounting to INR 275.20 lakhs (UP VAT & Gujrat VAT) against which company has paid INR 118.69 lakhs under protest apart from this Company has made a provision for INR 51.62 lakhs in current year. Accordingly contingent liability for value added tax and entry tax amounts to INR 104.88 lakhs.

Further in case of Service Tax Matter, Bombay high court has quashed the Order in orginal dated 30 August, 2022 vide order dated 01 April, 2024 and matter remanded to the Adjudicating Officer, namely, the Commissioner, CGST & Central Excise, Belapur Commissionerate for re-assessment.

(Currency: Indian Rupees in lakhs)

53 Impairment testing of Goodwill

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

	As at 31 March 2024	As at 31 March 2023
Acquisition of the lending business	716.66	716.66
Less: Impairment loss	(716.66)	(716.66)
Total	-	-

The recoverable amount was based on greater of fair value less costs of disposal and value in use estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	As at 31 March 2024	As at 31 March 2023
Price to book value multiple	**NA**	**NA**

ii. Sensitivity analysis

Change in recoverable amount of Goodwill	As at 31 March 2024	As at 31 March 2023
Increase by 5% of price to book value multiple	**NA**	**NA**
Decrease by 5% of price to book value multiple	**NA**	**NA**

Impairment on investment in Fino Finance Private Limited and Goodwill written off

*During the current financial year, the company has invested 600 lakhs and 2.55 lakhs in Fino Finance Private Limited and Fino Trusteeship Limited respectively and investment of Rs. 600 lakhs has been provided for in current financial year. As on 31 March 2024, investment in Fino Finance Private Limited is fully provided for.

At Consol level, Goodwill amounting to 7.16 cr had arisen on acquisition of Fino Finance Private ltd and same was written off during the financial year 21-22 due to impairment of investment in Fino Finance Private Ltd at standalone level of Fino Paytech Ltd.

54 Going Concern

The financial of all the company including all subsidiary are prepared on going concern basis. as there was no significant or material order passed during the year by any regulator, court or tribunal impacting the going concern status of your Company or its future operations including any of its subsidiary except for one subsidiary which is Fino Finance Private Limited. the details of which is mention below.

Fino Finance Private Limited had applied to Reserve Bank of India on 24th January 2024 for voluntary surrender of Certificate of Registration (COR) as a Non-Banking Financial Company(NBFC). Further, the company has received the RBI communication dated 5th June 2024 informing approval for cancellation of COR as NBFC vide order dated 30th May 2024.

Fino Finance Private Limited's financial statements for the year ended 31st March 2024 are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of obligations in the normal course of business. The financial statements as on 31st March 2024 does not include any adjustments to the amount and classification of assets and liabilities that may be necessary should the Company's financials were prepared on not on going concern basis. Management is of the view such adjustments, if any, will not have any material impact on the financial statements as on 31st March 2024.

As per our report of even date attached.

FINO PayTech Limited

Notes to the consolidated financial statements (Continued)

For the Year ended 31 March 2024

(Currency: Indian Rupees in lakhs)

55 Revenue from contract with customers

Changes in significant accounting policies - Ind AS 115: Revenue from contracts with customers

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

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

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

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

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

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

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 2024**	**Year ended 31 March 2023**
Corporate		
Sale of products	255.21	240.63
CBS Services, enrollment income and other services	898.87	1,068.26
BC Banking	12,789.16	12,484.06
Total	**13,943.24**	**13,792.94**
Retail		
Retail		
Remittances	45,497.19	42,091.47
Micro-ATM	8,254.01	11,516.31
AEPS	11,188.91	13,378.27
CASA	30,356.91	21,695.40
Cash Management Services	14,394.40	10,395.43
Miscellaneous Income	10,071.11	1,617.83
	119,762.53	**100,694.71**
Income other than lending business	**133,705.77**	**114,487.65**
Interest income	204.04	261.60
Others	21.38	193.73
Income from lending	**225.41**	**455.32**
Total revenue from operations	**133,931.18**	**114,942.97**
Timing of revenue recognition		
Products transferred at point in time	255.21	240.63
Services transferred over the period of time	133,471.94	114,440.74
Recognised as per Ind AS 109	204.04	261.60
	133,931.18	**114,942.97**

(Currency: Indian Rupees in lakhs)

The information relating to trade receivables and contract liabilities relating to revenue from operations is disclosed in note no. 10 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, 2024 other than those meeting the exclusion criteria mentioned above, is 2.55 lakh (March 2023 : 8.74 lakh) . Out of this, the Group expects to recognize revenue of around 87.45 % (March 2023 : 70.71%) within the next one year and the remaining thereafter.

56 Additional Regulatory Information

a. Details of Benami Property held

The Group do not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

b. Details of Loans and advances

No Loans and advances granted to promoters, directors, key managerial personnel (KMPs) and the related parties which are repayable on demand or without specifying any terms or period of repayment

c. Willful Defaulter

The Group has not been declared as a willful Defaulter by any Financial Institution or bank as at the date of Balance Sheet.

d. Relationship with Struck off Companies

The Group do not have any transactions with companies struck off.

e. Registration of charges or satisfaction with Registrar of Companies (ROC)

The Group has no pending charges or satisfaction which are yet to be registered with the ROC beyond the Statutory period.

f. Compliance with number of layers of companies

The Group has complied with the provision of the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

g. Compliance with approved Scheme(s) of Arrangements

There are no schemes of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

h. Discrepancy in utilization of borrowings

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. There are no discrepancy in utilisation of borrowings.

(Currency: Indian Rupees in lakhs)

i. **Utilisation of Borrowed funds and share premium:**

(A) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(B) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

j. **Undisclosed income**

The Group has no transaction that is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

k. **Details of Crypto Currency or Virtual Currency**

The Group has not traded or invested in Crypto currency or Virtual Currency.

For A P Sanzgiri & Co
Chartered Accountants
Firm's Registration Number : 116293W

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

Abhijit Sanzgiri
Partner
Membership Number : 043230

Rajeev Deoras
Non-Executive Chairman &
Independent Director
DIN: 02879519

Amit Kumar Jain
Whole Time Director
DIN: 08353693

Suraj Gujja
Company Secretary
Membership No.: A49812

Navi Mumbai
25 July 2024