PROSPECTUS
Dated November 3, 2021
Please read Section 32 of the Companies Act, 2013
100% Book Built Offer

FINO PAYMENTS BANK LIMITED

Our Bank was incorporated as 'Fino Fintech Foundation' pursuant to a certificate of incorporation dated June 23, 2007, issued by Registrar of Companies, Maharashtra at Mumbai. Pursuant to surrender of our license under section 8 of Companies Act, 2013, our name was changed to 'Fino Fintech Private Limited' and a fresh certificate of incorporation dated December 15, 2015 was issued by Registrar of Companies, Maharashtra at Mumbai. Thereafter, pursuant to the conversion of our Bank to a public limited company, the name of our Bank was changed to 'Fino Fintech Limited', and a fresh certificate of incorporation dated February 3, 2017 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Promoter, Fino PayTech Limited, was granted an in-principle approval to establish a payments bank ("**Payments Bank**"), by the RBI, pursuant to its letter dated September 7, 2015. Subsequently, our Bank received the final approval of the RBI to carry on the business as a Payments Bank on March 30, 2017. Pursuant to receipt of approval by RBI, the name of our Bank was changed to 'Fino Payments Bank Limited' and a fresh certificate of incorporation dated April 4, 2017 was issued by Registrar of Companies, Maharashtra at Mumbai. Our Bank commenced its business operations on June 30, 2017 and was included in the second schedule to the RBI Act pursuant to a notification issued by the RBI dated January 1, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021. For further details, see "*History and Certain Corporate Matters*" beginning on page 156.

Registered and Corporate Office: Mindspace Juinagar, Plot No Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai – 400 706; **Tel:** +91 22 7104 7000

Contact Person: Basavraj Loni, Company Secretary and Compliance Officer; **Tel**: +91 22 7104 7027
E-mail: basavraj.loni@finobank.com; **Website**: www.finobank.com
Corporate Identity Number: U65100MH2007PLC171959

OUR PROMOTER: FINO PAYTECH LIMITED

INITIAL PUBLIC OFFER OF 2,08,02,305* EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF FINO PAYMENTS BANK LIMITED (OUR "BANK") FOR CASH AT A PRICE OF ₹577 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹567 PER EQUITY SHARE) AGGREGATING TO ₹12,002.93* MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF 51,99,306* EQUITY SHARES AGGREGATING TO ₹ 3,000* MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 15,602,999* EQUITY SHARES BY FINO PAYTECH LIMITED ("PROMOTER SELLING SHAREHOLDER", AND SUCH EQUITY SHARES THE "OFFERED SHARES") AGGREGATING TO ₹9,002.93* MILLION (THE "OFFER FOR SALE"). THE OFFER INCLUDED A RESERVATION OF 51,993* EQUITY SHARES, AGGREGATING TO ₹30* MILLION (CONSTITUTING 5% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE EMPLOYEE RESERVATION PORTION SHALL NOT EXCEED 5%OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL. THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER CONSTITUTED 25.00% AND 24.94%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK. THE FACE VALUE OF EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS ₹ 577 PER EQUITY SHARE AND IS 57.7 TIMES THE FACE VALUE OF THE EQUITY SHARES, THE ANCHOR INVESTOR OFFER PRICE IS ₹577 PER EQUITY SHARE .

SUBJECT TO FINALISATION OF THE BASIS OF ALLOTMENT

The Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "**SCRR**") read with Regulation 31 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process, in compliance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Bank and the Promoter Selling Shareholder in consultation with the BRLMs allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"). One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. However, if the aggregate demand from Mutual Funds was less than 5% of the QIB Portion, the balance Equity Shares were made available for allocation in the Mutual Fund Portion which was to be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not more than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 10% of the Offer was made available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received from them at or above the Offer Price. Further, Equity Shares were to be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) were required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank accounts (including UPI ID for RIBs using UPI Mechanism), in which the corresponding Bid Amounts were blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors were not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" beginning on page 304.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Bank, there has been no formal market for the Equity Shares. The face value of each Equity Share is ₹10. The Floor Price and the Cap Price (determined by our Bank and our Promoter Selling Shareholder in consultation with the BRLMs), and Offer Price (determined by our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, in accordance with the SEBI ICDR Regulations and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for the Offer Price*" beginning on page 76), should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Bank and the Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 20.

BANK AND PROMOTER SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Bank and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.
Further, our Promoter Selling Shareholder accepts responsibility for only such statements confirmed or undertaken by our Promoter Selling Shareholder in this Prospectus to the extent such statements pertain to itself and/or the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect

LISTING

The Equity Shares offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE and NSE. We have received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated August 25, 2021 and August 27, 2021, respectively. For the purpose of this Offer, BSE Limited is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus has been, and a signed copy of this Prospectus shall be filed with the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see ***"Material Contracts and Documents for Inspection"*** beginning on page 324.

BOOK RUNNING LEAD MANAGERS				REGISTRAR TO THE OFFER
Axis Capital Limited Axis House, 1st Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli Mumbai – 400 025 **Tel.:** + 91 22 4325 2183 **E-mail:** fpbl.ipo@axiscap.in **Website:** www.axiscapital.co.in **Investor grievance mail:** compliants@axiscap.in **Contact Person:** Simran Gadh **SEBI Registration No:** INM000012029	**CLSA India Private Limited** 8/F, Dalamal House, Nariman Point, Mumbai - 400 021 **Tel.:** +91 22 6650 5050 **E-mail:** fino.ipo@clsa.com **Website:** www.india.clsa.com **Investor grievance mail:** investor.helpdesk@clsa.com **Contact Person:** Prachi Chandgothia **SEBI Registration No:** INM000010619	**ICICI Securities Limited^** ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 **Tel:** +91 22 6807 7100 **E-mail**: fino.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor grievance e-mail**: customercare@icicisecurities.com **Contact person:** Monank Mehta **SEBI registration no.:** INM000011179	**Nomura Financial Advisory and Securities (India) Private Limited** Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Marg, Worli, Mumbai – 400 018 **Tel.:** +91 22 4037 4037 **E-mail:** finopaymentsbankipo@nomura.com **Website:**www.nomuraholdings.com/company/group/asia/india/index.html **Investor grievance mail:** investorgrievances-in@nomura.com **Contact Person:** Vishal Kanjani / Sandeep Baid **SEBI Registration No:** INM00001419	**KFin Technologies Private Limited** (*formerly known as Karvy Fintech Private Limited*) Selenium, Tower B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032, Telangana, India **Tel**: +91 40 6716 2222 **E-mail**: finopayments.ipo@kfintech.com **Investor grievance e-mail**: einward.ris@kfintech.com **Website**: www.kfintech.com **Contact person**: M Murali Krishna **SEBI registration number**: INR000000221

BID/OFFER OPENED ON	**FRIDAY, OCTOBER 29, 2021**
BID/OFFER CLOSED ON	**TUESDAY, NOVEMBER 2, 2021**

* *The Anchor Investor Bid/Offer Period was one Working Day prior to the Bid/Offer Opening Date i.e. October 28, 2021.*

^ *In compliance with the proviso to Regulation 21A of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended (the "**SEBI Merchant Bankers Regulations**") and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited would be involved only in the marketing of the Offer. ICICI Securities Limited has signed the due diligence certificate and has been disclosed as a BRLM for the Offer.*

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SECTION I: GENERAL

DEFINITION AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislations, acts, regulations, rules, guidelines, circulars, notifications, clarifications or policies shall be to such legislations, acts, regulations, rules, guidelines or policies as amended, updated, supplemented, re-enacted or modified, from time to time, and any reference to a statutory provision shall include any subordinate legislation made, from time to time, under such provision.

Offer related terms used but not defined in this Prospectus shall have the meaning ascribed to such terms under the General Information Document. Any other words and expressions used but not defined in this Prospectus shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, and the Depositories Act and the rules and regulations made thereunder.

The terms not defined herein but used in "Statement of Possible Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "Financial Statements", "Outstanding Litigation and Material Developments", "Description of Equity Shares and Terms of Articles of Association" and "Offer Procedure" beginning on pages 78, 81, 150, 184, 274, 320 and 304, respectively, shall have the meanings ascribed to such terms in these respective sections.

General Terms

Term	Particular
"our Bank", "the Bank", "the Issuer"	Fino Payments Bank Limited, a company incorporated under the Companies Act, 1956 and licensed as a Payments Bank with the RBI, having its Registered and Corporate Office at Mindspace Juinagar, Plot No Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai – 400 706
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Bank

Bank Related Terms

Term	Description
Amended and Restated Shareholders Agreement	Amended and Restated Shareholders Agreement dated July 29, 2016 entered into between Fino PayTech Limited, ICICI Bank Limited, Intel Capital Corporation, International Finance Corporation, HAV3 Holdings (Mauritius) Limited, Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited, Bharat Petroleum Corporation Limited, read with First Amendment Agreement dated November 7, 2016, Second Amendment Agreement dated July 3, 2017, and Third Amendment Agreement dated July 20, 2021.
Articles of Association or AoA	Articles of association of our Bank, as amended.
Audit Committee	Audit committee of the Board of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Our Management – Board Committees*" beginning on page 164.
Board or Board of Directors	Board of directors of our Bank.
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Our Management – Board Committees*" beginning on page 164.
Director(s)	The directors on the Board of our Bank.
ESOP 2020	Fino Payments Bank Limited - Employee Stock Option Policy 2020.
Equity Shares	The equity shares of our Bank of face value of ₹ 10 each.
Group Company	Our group company, namely Fino Finance Private Limited identified in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations and disclosed in *"Our Group Company"* beginning on page 180.
Independent Directors	Independent directors on our Board, as described in "*Our Management*" beginning on page 159.
Key Managerial Personnel or KMP	Key managerial personnel of our Bank shall have the meaning as set out under section 2(51) of the Companies Act, 2013, and Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in "*Our Management*" beginning on page 159.
Managing Director and CEO	The managing director and chief executive officer of our Bank, Rishi Gupta.
Memorandum of Association or MoA	Memorandum of association of our Bank, as amended.
Nomination and Remuneration Committee	Nomination and remuneration committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Our Management – Board Committees*" beginning on page 164.

Term	Description
Payments Bank Licensing Guidelines	Guidelines titled – Guidelines for Licensing of "Payments Bank" issued by RBI on November 27, 2014.
Promoter Selling Shareholder	The promoter of our Bank, namely Fino PayTech Limited.
Promoter Group	Persons and entities constituting the promoter group of our Bank in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in "*Our Promoter and Promoter Group – Promoter Group*" beginning on page 179.
RBI In-Principle Approval	RBI letter dated September 7, 2015 bearing no. DBR.PSBD (PB – FINO). No. 3447/16.13.215/2015-16 pursuant to which the RBI granted our Promoter an in-principle approval to establish a payments bank under Section 22 of the Banking Regulation Act.
RBI License	RBI letter dated March 30, 2017 bearing no.DBR.NBD.NO. 11549/16.13.215/2016-17 pursuant to which the RBI granted license MUM: 131 to our Bank to carry on the payments bank business in terms of Section 22(1) of the Banking Regulation Act.
Registered and Corporate Office	The registered and corporate office of our Bank situated at Mindspace Juinagar, Plot No Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai – 400 706.
Registrar of Companies or RoC	Registrar of Companies, Maharashtra at Mumbai.
Restated Financial Statements	Restated financial statements of our Bank for the three months ended June 30, 2021 and June 30, 2020 and for Fiscals 2021, 2020 and 2019 which comprises the restated summary statements of assets and liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020 and March 31, 2019 , the restated summary statements of profit and loss and the restated summary statements of cash flows as at June 30, 2021 and June 30, 2020 and for the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 and notes thereto prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI, as amended from time to time.
Shareholders	Holders of Equity Shares of our Bank from time to time.
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations and as described in "*Our Management – Board Committees*" beginning on page 164.
Statutory Auditors	MSKC & Associates, Chartered Accountants, the current statutory auditors of our Bank.

Offer Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the relevant Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
Allot or Allotment or Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Offered Shares pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹100.00 million.
Anchor Investor Allocation Price	₹577 per Equity Share, being the price at which Equity Shares were allocated to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus. The Anchor Investor Offer Price was decided by our Bank and the Promoter Selling Shareholder, in consultation with the BRLMs.
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Anchor Investor Bid/Offer Period	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed.
Anchor Investor Offer Price	₹577 per Equity Share. The Anchor Investor Offer Price was decided by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs.
Anchor Investor Pay-in Date	In case of the Anchor Investor Offer Price being higher than the Anchor Investor Allocation Price, the date as mentioned in the CAN but not later than two Working Date after the Bid/Offer Closing Date.
Anchor Investor Portion	60% of the QIB Portion consisting of 93,37,641* Equity Shares which were allocated by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.

Term	Description
	*Subject to finalisation of the Basis of Allotment One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Application Supported by Blocked Amount or ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and which includes applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.
ASBA Account	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidders	All Bidders except Anchor Investors.
ASBA Form(s)	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Structure*" beginning on page 300.
Bid	Indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and paid by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	25 Equity Shares and in multiples of 25 Equity Shares thereafter.
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, November 2, 2021, which was notified in all editions of Financial Express, a widely circulated English national daily newspaper and all editions of Jansatta, a widely circulated Hindi national daily newspaper and Mumbai edition of Nav Shakti, a Marathi newspaper, (Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located).
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, October 29, 2021, which was notified in all editions of Financial Express, a widely circulated English national daily newspaper and all editions of Jansatta, a widely circulated Hindi national daily newspaper and Mumbai edition of Nav Shakti, a Marathi newspaper, (Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located).
Bid/Offer Period	Except in relation to Anchor Investors, the period between October 29, 2021 and November 2, 2021.
Bidder	Any prospective investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries accepted the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer, namely, Axis Capital Limited, CLSA India Private Limited, ICICI Securities Limited and Nomura Financial Advisory and Securities (India) Private Limited.
Broker Centres	Centres notified by the Stock Exchanges where Bidders could have submitted the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
Confirmation Allocation Note or CAN	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who were allocated the Equity Shares, after the Anchor Investor Bid/Offer Period.

Term	Description
Cap Price	Higher end of the Price Band, at which the Offer Price and the Anchor Investor Offer Price was finalised and above which no Bids were accepted i.e. ₹577 per Equity Share.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who was eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE, as updated from time to time.
Cut-off Price	Offer Price, finalised by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs. Only Retail Individual Bidders Bidding in the Retail Portion and Eligible Employees Bidding under Eligible Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price.
Designated Branches	Such branches of the SCSBs which collected the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	Such centres of the CDPs where ASBA Bidders submitted the ASBA Forms. The details of such Designated CDP Locations, along with the names and contact details of the CDPs are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) and updated from time to time.
Demographic Details	The details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, and bank account details and UPI ID, as applicable.
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red Herring Prospectus and this Prospectus following which Equity Shares will be Allotted in the Offer.
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs and the Eligible Employees Bidding in the Employee Reservation Portion by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount was blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.
Designated RTA Locations	Such centres of the RTAs where Bidders (except Anchor Investors) submitted the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time.
Designated Stock Exchange	BSE Limited.
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated July 30, 2021 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible Employee(s)	A permanent employee of our Bank or a permanent employee of our Promoter or a Director of our Bank, whether whole- time or not, as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a permanent employee of our Bank, until the submission of the Bid cum Application Form, but not including (i) our Promoter; (ii) persons belonging to the Promoter Group; or (iii) Directors who either themselves or through their relatives or through any body corporate, directly or indirectly, hold more than 10% of the outstanding equity shares of our Bank. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee did not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion did not exceed ₹200,000.
Eligible FPIs	FPIs from such jurisdictions outside India where it is not unlawful to make an Offer/invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constituted an invitation to subscribe to the Equity Shares.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
Employee Reservation Portion	The portion of the Offer being 51,993* Equity Shares aggregating to ₹30 million, which was required to be made available for subscription by Eligible Employees, on a proportionate basis. *Subject to finalisation of the Basis of Allotment

Term	Description
Escrow Account	Accounts opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors transferred money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Cash Escrow and Sponsor Bank Agreement	Agreement dated October 22, 2021 entered amongst our Bank, the Promoter Selling Shareholder, the BRLMs, Syndicate Members, the Bankers to the Offer and Registrar to the Offer, *inter alia*, for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account, transfer of funds from the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account was opened, in this case being Axis Bank Limited.
First or sole Bidder	Bidder whose name was mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appeared as the first holder of the beneficiary account held in joint names.
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	Fresh issue of 51,99,306* Equity Shares aggregating to ₹3,000 million by our Bank. *Subject to finalisation of the Basis of Allotment
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.
MCLR	Marginal Cost of Funds based Lending Rate.
Mutual Fund Portion	5% of the Net QIB Portion, or 3,11,255* Equity Shares which was made available for allocation to Mutual Funds only, subject to valid Bids having been received at or above the Offer Price. *Subject to finalisation of the Basis of Allotment
NBFC	Non-banking financial company.
Net Offer	The Offer less the Employee Reservation Portion.
Net Proceeds	Proceeds of the Fresh Issue less our Bank's share of the Offer expenses. For further details regarding the use of the Net Proceeds and the Offer expenses, see "*Objects of the Offer*" beginning on page 72.
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors.
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	Portion of the Offer being not more than 15% of the Net Offer consisting of 31,12,546* Equity Shares which was made available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price. *Subject to finalisation of the Basis of Allotment
Non-Resident	Person resident outside India, as defined under FEMA.
Offer	The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale.
Offer Agreement	Agreement dated July 30, 2021 entered amongst our Bank, our Promoter Selling Shareholder and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer.
Offer for Sale	The offer for sale of 15,602,999* Equity Shares by Fino PayTech Limited aggregating to ₹9,002.93 million. *Subject to finalisation of the Basis of Allotment
Offer Price	The final price at which Equity Shares will be Allotted to ASBA Bidders in terms of the Red Herring Prospectus and this Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price, which will be decided by our Bank and the Promoter Selling Shareholder, in consultation with the BRLMs in terms of the Red Herring Prospectus and this Prospectus.
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Bank and the proceeds of the Offer for Sale which shall be available to our Promoter Selling Shareholder. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 72.
Offered Shares	15,602,999* Equity Shares aggregating to ₹9,002.93* million being offered by our Promoter Selling Shareholder in the Offer for Sale. *Subject to finalisation of the Basis of Allotment
Price Band	Price band of a minimum price of ₹560 per Equity Share (Floor Price) and the maximum price of ₹577 per Equity Share (Cap Price) including any revisions thereof.

Term	Description
	The Price Band and the minimum Bid Lot size for the Offer was decided by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, and was advertised in all editions of Financial Express, a widely circulated English national daily newspaper, all editions of Jansatta, a widely circulated Hindi national daily newspaper and Mumbai edition of Nav Shakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra where our Registered and Corporate Office is located), and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	Date on which our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, finalised the Offer Price, such date being November 3, 2021.
Prospectus	This Prospectus dated November 3, 2021 to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	Bank account opened with the Public Offer Account Bank, under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
Public Offer Account Bank(s)	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account has been opened, in this case being Axis Bank Limited.
QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not less than 75% of the Offer which were available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
RBI Master Circular	Reserve Bank of India's Master Directions on Frauds – Classification and Reporting by commercial banks and select FIs bearing reference no. RBI/DBS/2016-17/28 dated July 1 ,2016, as amended.
Red Herring Prospectus or RHP	The Red Herring Prospectus dated October 22, 2021and issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto.
Refund Account(s)	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made.
Refund Bank(s)	Banker(s) to the Offer and with whom the Refund Account has been opened, in this case being Axis Bank Limited.
Registered Brokers	Stock brokers registered under SEBI (Stock Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012 issued by SEBI.
Registrar Agreement	Agreement dated July 29, 2021 entered by and amongst our Bank, our Promoter Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the list available on the websites of BSE and NSE, and the UPI Circulars.
"Registrar to the Offer" or "Registrar"	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited).
"Retail Individual Bidder(s)" or "RIB(s)"	Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	Portion of the Offer being not more than 10% of the Net Offer consisting of not more than 20,75,031* Equity Shares which were available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price). *Subject to finalisation of the Basis of Allotment
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders were not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion could revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at

Term	Description
	https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Application through UPI in the Offer can be made only through the SCSBs mobile application (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which are live for applying in public issues using UPI mechanism is appearing in the "list of mobile applications" for using UPI in public issues" displayed on the SEBI website. The said list shall be updated on the SEBI website.
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Kfin Technologies Private Limited.
Share Escrow Agreement	Agreement dated October 22, 2021 entered amongst our Bank, our Promoter Selling Shareholder and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Promoter Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding Centres where the Syndicate accepted ASBA Forms from Bidders.
Sponsor Bank	Axis Bank Limited, being a Banker to the Offer, appointed by our Bank to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI and carry out other responsibilities, in terms of the UPI Circulars.
Syndicate or Members of the Syndicate	Together, the BRLMs and the Syndicate Members.
Syndicate Agreement	Agreement dated October 22, 2021 entered amongst our Bank, our Promoter Selling Shareholder, the BRLMs, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter.
Systemically Important NBFC	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
Underwriters	Together, the BRLMs and the Syndicate Members.
Underwriting Agreement	Agreement dated November 3, 2021 entered amongst our Bank, our Promoter Selling Shareholder, the Underwriters and Registrar to the Offer.
UPI	Unified payments interface, which is an instant payment mechanism, developed by NPCI.
UPI Circulars	SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS for directing the RIB to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	Process for applications by RIBs submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars.
UPI PIN	Password to authenticate UPI transaction.
Working Day	All days on which commercial banks in Mumbai, India are open for business, provided however, for the purpose of announcement of the Price Band and the Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays on which commercial banks in Mumbai, India are open for business and the time period between the Bid/Offer Closing Date and listing of the Equity Shares on the Stock Exchanges, "Working Days" shall mean all trading days excluding Sundays and bank holidays in India, as per the circulars issued by SEBI.

Technical/Industry Related Terms

Term	Description
AePS	Aadhaar Enabled Payment System.
AFS	Available for Sale.
ALM team	Asset / Liability Management team.
AML	Anti-Money Laundering.
API	Application Programming Interface.
API Partners	Third party financial services entities that we engage with over the API channel.
AS	Accounting Standards.
ATM	Automatic Teller Machine.

Term	Description
B2B	Business-to-Business.
B2B2C	Business-to-Business-to-Consumer.
B2C	Business-to-Customer.
BC	Business Correspondent.
BCBS	Basel Committee on Banking Supervision.
Branch	A physical Bank branch.
CAR	Capital Adequacy Ratio.
CASA	Current Accounts and Savings Accounts.
CASA Ratio	The ratio of deposits in current and saving accounts (or CASA) to total deposits.
CEO	Chief Operating Officer.
CIO	Chief Information Officer.
CMS	Cash management services.
COO	Chief Operating Officer.
CRAR	Capital to Risk Weighted Asset Ratio.
CRR	Cash Reserve Ratio.
CSPs	Customer Service Points.
CTF	Counter-Terrorism Financing.
D&O	Directors and Officers.
Doorstep cash delivery	Doorstep service providers that provide banking and related services in the "last mile" of delivery (i.e., remote locations).
DTH	Direct-to-Home.
DTP	Distribution, Technology and Partnership.
DTT	Dividend Distribution Tax.
e-KYC	Electronic-Know Your Customer.
EMD	Earnest Money Deposit.
EMI	Equated Monthly Instalments.
ET	The Economic Times.
FBIL	Financial Benchmark India Pvt Ltd.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FINO	Financial Inclusion Network Operations.
FPI	Foreign Portfolio Investors.
HFT	Held for Trading.
HTM	Held to Maturity.
ICRA	ICRA Limited (a Moody's Investors Service Company), formerly Investment Information and Credit Rating Agency of India Limited.
IMPS	Immediate Payment Service.
IRDAI	Insurance Regulatory and Development Authority of India.
KMP	Key Management Personnel.
LAF	Liquidity Adjustment Facility.
MAB	Monthly Average Balance.
MAP	Monitorable Action Plan.
MAT	Minimum Alternate Tax.
MD	Managing Director.
Merchants	Typically small owner-operated neighbourhood shops and businesses that serve the banking and financial needs of the community, through which we offer our products and services.
MFI	Micro Finance Institutions.
Micro-ATM	Micro Automatic Teller Machine.
NDTL	Net Demand and Time Liabilities.
NEFT	National Electronic Funds Transfer.
NFC	Near Field Communication.
Open banking	Open banking refers to a system in which financial institutions' data can be shared for users and third party developers through open API. It requires financial institutions to make available customer data to third party service providers, subject to receiving the required authorisation from customers.
Payments Bank Licensing Guidelines	'Guidelines for Licensing of Payments Banks' dated November 27, 2014 issued by the RBI.
Payments Bank Operating Guidelines	'Operating Guidelines for Payments Banks', issued by RBI on 6 October 2016.
PDAI	Primary Dealers Association of India.
PFRDA	Pension Fund Regulatory and Development Authority of India.
Phygital	Our product and service delivery model which combines physical and digital characteristics.
POS	Point of Sale.
POT	Point of Transaction.
RBI	Reserve Bank of India.

Term	Description
Remittance	Money transfer.
RTG	Real Time Gross Settlements.
SFB	Small Finance Banks.
SLR	Statutory Liquidity Ratio.
SRTC	State Road Transport Corporation.
STT	Securities Transaction Tax.
Sweep facility	Allows us to transfer a sum of excess money from a savings account to a separate "sweep-in" deposit account, which typically offers interest.
Tier-2 and Tier-3 towns	Indian city classification system based on population.
URCs	Unbanked Rural Centers.
UX/UI	User Experience / User Interface.
V-CIP	Video-based Customer Identification Process.
WPOS	Wireless POS.
YTM	Yield-to-Maturity.

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees.
AIFs	Alternative Investments Funds.
AY	Assessment Year.
Banking Regulation Act	Banking Regulation Act, 1949.
BFSI	Banking, Financial Services and Insurance.
BSE	BSE Limited.
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations.
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations.
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations.
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations.
Category II FPIs	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
CFO	Chief Financial Officer.
CIN	Corporate Identity Number.
Companies Act or Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections along with the relevant rules, clarifications and modifications made therein.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) along with the relevant rules made thereunder.
Depositories	NSDL and CDSL.
Depositories Act	Depositories Act, 1996.
DIN	Director Identification Number.
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as the Department of Industrial Policy and Promotion*).
DP ID	Depository Participant Identification.
DP/ Depository Participant	Depository participant as defined under the Depositories Act.
EBITDA	Earnings before interest (net), taxes, depreciation and amortization.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FDI	Foreign Direct Investment.
FDI Policy	Consolidated FDI Policy issued by the DPIIT (FDI Division), effective from October 15, 2020.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under.
FEMA Non-debt Instruments Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
FEMA Regulations	The FEMA Non-debt Instruments Rules, the Foreign Exchange Management (Mode of Payment and Reporting of Non Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable.
Financial Year/ Fiscal/ FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FIR	First Information Report.
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations.
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations.
Gazette	Gazette of India.

Term	Description
GoI or Government or Central Government	Government of India.
GST	Goods and Services Tax.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.
India	Republic of India.
Indian GAAP/ IGAAP	Accounting standards notified under section 133 of the Companies Act, 2013 read with Companies (Accounting Standards) Rules 2006 (as amended) and the Companies (Accounts) Rules, 2014 in so far as they apply to our Bank, applicable requirements of the Banking Regulation Act and guidelines and directions issued by the RBI from time to time.
IPC	Indian Penal Code, 1860.
IPO	Initial Public Offering.
IST	Indian Standard Time.
IT	Information Technology.
IT Act	The Income Tax Act, 1961.
KYC	Know Your Customer.
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
MCA	Ministry of Corporate Affairs.
MICR	Magnetic Ink Character Recognition.
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996.
N/A or N.A.	Not Applicable.
NACH	National Automated Clearing House.
NAV	Net Asset Value.
NEFT	National Electronic Funds Transfer.
Notified Sections	The sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs.
NPCI	National Payments Corporation of India.
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
NRE Account	Non-Resident External Rupee Account.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per Annum.
P/E	Price/Earnings.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934.
Regulation S	Regulation S under the U.S. Securities Act.
RoNW	Return on Net Worth.
RTGS	Real Time Gross Settlement.
Rule 144A	Rule 144A under the U.S. Securities Act.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Term	Description
SEBI Merchant Bankers Regulations	SEBI (Merchant Bankers) Regulations, 1992.
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations.
State Government	The government of a state in India.
Stock Exchanges	BSE and NSE.
STT	Securities transaction tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
U.S. GAAP	Generally Accepted Accounting Principles (as adopted by the U.S. Securities and Exchange Commission).
U.S. Holder	A beneficial owner of Equity Shares that is for United States federal income tax purposes: (a) an individual who is a citizen or resident of the United States; (b) a corporation organised under the laws of the United States, any state thereof or the District of Columbia; (c) an estate whose income is subject to United States federal income taxation regardless of its source; or (d) a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions of the trust, or (2) has a valid election in effect under the applicable U.S. Treasury regulations to be treated as a U.S. person.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
U.S./USA/United States	United States of America together with its territories and possessions.
USD/US$	United States Dollars.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations.
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(lll) of SEBI ICDR Regulations.

OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including "Risk Factors", "The Offer", "Capital Structure", "Objects of the Offer", "Industry Overview", "Our Business", "Offer Procedure", "Outstanding Litigation and Material Developments" and "Description of Equity Shares and Terms of Articles of Association" beginning on pages 20, 49, 62, 72, 81, 125, 304, 274 and 320, respectively.

Summary of our primary business

We are a growing fintech company offering a diverse range of financial products and services that are primarily digital and have a payments focus. We offer such products and services to our target market, being the unserved and underserved population of Indian society through our pan-India merchant network. Our merchant-led model is a capital light business strategy in respect of network expansion and except for referrals of third party loan providers, we do not offer any lending products and we do not hold credit risk for loans.

We commenced operations with effect from June 2017. Our product and service offering includes liability products and other banking products that generate fee and commission-based income, such as CASA, micro-ATMs and AePS transactions, domestic remittances and the issuing of debit cards.

Summary of the industry in which we operate

In 2015, the RBI laid down the framework for payments banks with the objective of widening the spread of payment services and deposit products to small businesses, low-income households, migrant labor workers and other unorganized entities by enabling high volume low value transactions.

Our target addressable market according to CRISIL as of March 31, 2021 is approximately ₹0.85 trillion by potential revenue. Such addressable market refers to the potential revenue pool available to companies providing CASA deposit accounts in rural and semi-urban areas and also providing the entire range of payment and remittances related services across urban, semi-urban and rural areas.

Our Promoter

Our promoter is Fino PayTech Limited.

Offer Size

The following table summarises the details of the Offer size:

Offer	2,08,02,305* Equity Shares aggregating to ₹12,002.93* million
The Offer consists of:	
Fresh Issue[(1)]	51,99,306* Equity Shares aggregating to ₹3,000* million
Offer for Sale[(2)]	15,602,999* Equity Shares aggregating to ₹9,002.93* million
of which	
Employee Reservation Portion[(3)]	51,993* Equity Shares aggregating to ₹30 million
Net Offer	2,07,50,312* Equity Shares aggregating to ₹11,972.93* million

**Subject to finalisation of the Basis of Allotment*

(1) The Offer has been authorised by our Board pursuant to its resolution dated October 12, 2021 and by our Shareholders pursuant to a special resolution dated October 12, 2021. At the time of filing of the DRHP, our Board and Shareholders had approved the fresh issue aggregated to ₹3,000 million pursuant to resolution dated July 23, 2021 and July 24, 2021 respectively.

(2) The Promoter Selling Shareholder has authorised the sale of the Offered Shares by way of its board resolutions dated July 19, 2021 and consent letter dated July 30, 2021. The Promoter Selling Shareholder confirms that the Offered Shares have been held by it for a period of at least one year prior to filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer for Sale in accordance with the provisions of the SEBI ICDR Regulations. For details of authorizations received for the Offer for Sale, see "Other Regulatory and Statutory Disclosures" beginning on page 283.

(3) In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion was required to be made available for allocation and Allotment, proportionately to all Eligible Employees who Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The Employee Reservation Portion did not exceed 5% of our post-Offer paid-up Equity Share capital.

Objects of the Offer

Our Bank proposes to utilise the Net Proceeds towards funding the below mentioned object:

Particular	Amount (in ₹ million)
Augmenting our Bank's Tier – 1 capital base to meet its future capital requirements	3,000

For details, see "*Objects of the Offer*" beginning on page 72.

Pre-Offer Shareholding of the Promoter Selling Shareholder

The equity shareholding of our Promoter Selling Shareholder as on the date of this Prospectus is set forth below:

S. No.	**Promoter Selling Shareholder**	**Number of Equity Shares**	**% of total paid up Equity Share capital**
1.	Fino PayTech Limited	78,014,996*	100

* *This includes two Equity Share each held by Rishi Gupta, Rajeev Arora, Vipr Raj Bharadwaj, Amit Kumar Jain, Ashish Ahuja and Shailesh Pandey as nominees on behalf of Fino PayTech Limited, who is the beneficial owner of such Equity Share.*

Summary of Restated Financial Statements

The following details of our capital, net worth, the net asset value per Equity Share and total borrowings for three months ended June 30, 2021 and June 30, 2020 and financial year ended March 31, 2021, 2020, 2019 are derived from the Restated Financial Statements:

(*₹ in million, except per share data*)

Particulars	**As at three months ended June 30,**		**As at March 31,**		
	2021	**2020**	**2021**	**2020**	**2019**
Capital	445.80	445.80	445.80	445.80	445.80
Net worth*	1,536.75	1,319.24	1,505.47	1,300.73	1,621.09
Net asset value per Equity Share**	34.47	29.59	33.77	29.18	36.36
Total borrowings	2,112.84	1,005.18	1,807.98	1,107.90	829.03

* *Capital + Reserves*

** *Net worth at the end of the period / Total number of equity shares outstanding at the end of period*

The following details of our total income, net profit and earnings per Equity Share (basic and diluted) for three months ended June 30, 2021 and June 30, 2020 and financial year ended March 31, 2021, 2020, 2019 are as per the Restated Financial Statements:

(*₹ in million, except per share data*)

Particulars	**For three months ended June 30,**		**For the FY ended March 31,**		
	2021	**2020**	**2021**	**2020**	**2019**
Total Income	2,062.43	1,513.21	7,910.27	6,913.97	3,711.21
Profit / (Loss) carried over before appropriations	(3,004.96)	(3,171.28)	(2,985.05)	(3,189.79)	(2,869.43)
Profit/ (Loss) after tax	31.28	18.51	204.74	(320.36)	(623.84)
Earnings per Equity Share					
– Basic	0.40	0.24	2.62	(4.11)	(8.00)
– Diluted	0.40	0.24	2.62	(4.11)	(8.00)

Qualifications of the Statutory Auditors which have not been given effect to in the Restated Financial Statements

There are no auditor qualifications which have not been given effect to in the Restated Financial Statements.

Matter of Emphasis

(a) For year ended March 31, 2020, the auditors have drawn attention to Note 42 to the Restated Financial Statements, which describes that the extent to which COVID-19 pandemic will impact the Bank's financial statements depends on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

(b) For three months ended June 30, 2020, the auditors have drawn attention to Note 42 of Schedule 18 of the Restated Financial Statements, which describes that the extent to which COVID-19 pandemic will impact the Bank's financial statements depends on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

(c) For year ended March 31, 2021, the auditors have drawn attention to Note 42 of Schedule 18 to the Restated Financial Statements, which describes that the extent to which COVID-19 pandemic will impact the Bank's financial statements depends on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

(d) For three month ended June 30, 2021, the auditors have drawn attention to Note 42 of Schedule 18 of the Restated Financial Statements, which describes that the extent to which COVID-19 pandemic will impact the Bank's financial statements depends on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

Summary of Outstanding Litigation

A summary of outstanding litigation or legal proceedings involving our Bank, our Promoter, Directors, and Group Company (having a material impact on the Bank) as of the date of this Prospectus is provided below:

	No. of cases outstanding	Amount involved (₹ million)
Legal proceedings involving our Bank		
Against our Bank		
Civil litigation	2	18.92
Tax matters	5	30.61
By our Bank		
Civil litigation	Nil	Nil
Criminal proceedings	2	0.53
Legal proceedings involving our Promoter		
Against our Promoters		
Civil litigation	4	890.55
Criminal proceedings	Nil	Nil
Actions by regulatory and statutory authorities	Nil	Nil
Disciplinary actions including penalty imposed by the SEBI or Stock Exchanges against our Promoter in the last five Financial Years	Nil	Nil
Tax matters	15	131.81
By our Promoters		
Civil litigation	1	96.67
Criminal proceedings	Nil	Nil
Legal proceedings involving our Directors		
Against our Directors		
Material civil litigation	Nil	Nil
Criminal proceedings	Nil	Nil
Actions by regulatory and statutory authorities	2	2.5
Tax matters	Nil	Nil
By our Directors		
Material civil litigation	Nil	Nil
Criminal proceedings	Nil	Nil
Legal proceedings involving our Group Company which have a material impact on the Bank	Nil	Nil
Criminal proceedings against our Group Company	Nil	Nil
Criminal proceedings by our Group Company	Nil	Nil
Total	**31**	**1,171.59**

For details, see "*Outstanding Litigation and Material Developments*" beginning on page 274.

Risk Factors

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 20.

Summary of Contingent Liabilities of our Bank

As of June 30, 2021, our contingent liabilities, as provided for in our Restated Financial Statements, are as follows:

(in ₹ million)

Sr. No.	Particulars	Contingent liabilities as of June 30, 2021
1.	Income tax & other matters (under appeal)	3.31
2.	Other items for which the Bank is contingently liable	36.83
	Total	**40.14**

For details on the contingent liabilities of our Bank as reported in the Restated Financial Statements, see "*Financial Statements*" beginning on page 184.

Summary of Related Party Transactions

(in ₹ million)

Transactions	Name of Related Party	June 30, 2021	June 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
Purchase of fixed assets	Fino PayTech Limited	-	-	-	-	42.49
Rendering of services	Fino PayTech Limited (1)	6.00	3.49	22.67	24.72	-

Transactions	Name of Related Party	June 30, 2021	June 30, 2020	March 31, 2021	March 31, 2020	March 31, 2019
	Fino Finance Private Limited [(2)]	1.47	0.67	6.61	7.62	-
Reimbursement of expenses	Fino PayTech Limited [(3)]	4.89	4.90	20.41	26.24	50.55
	Fino Finance Private Limited [(4)]	4.51	5.39	28.79	55.79	79.25
Remuneration	Mr. Rishi Gupta	3.63	3.63	14.52	14.52	12.63
Balances payable	Fino PayTech Limited	-	-	-	-	-
	Fino Finance Private Limited	15.63	6.35	20.24	1.75	0.50
Balance receivable	Fino PayTech Limited	16.34	15.74	17.64	16.36	3.62
	Fino Finance Private Limited	-	-	-	-	-

(1) *Fino PayTech Limited uses our Bank's distribution network for providing fleet card services to BPCL. Fino PayTech Limited shares revenue with our Bank as consideration for using our distribution network. This revenue forms part of our Bank's commission, exchange and brokerage income.*
(2) *Our Bank provides cash management and collection services to Fino Finance Private Limited.*
(3) *Fino PayTech Limited has allocated a portion of its office space to our Bank for limited number of employees for smooth functioning of our day to day operations. Our Bank pays the cost of shared office space on the basis of number of seats utilized by our Bank.*
(4) *Fino Finance Private Limited provides our Bank space in office premises in different locations on a need basis. Our Bank pays an amount towards use of office premises and overhead costs.*

For details on the related party transactions of our Bank as reported in the Restated Financial Statements, see "*Financial Statements*" beginning on page 184.

Issuances of Equity Shares made in the last one year for consideration other than cash

Except as disclosed below, our Bank has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Prospectus:

Pursuant to resolutions of our Board and Shareholders dated March 23, 2021 and July 22, 2021 respectively, our Bank issued 33,434,999 Equity Shares through a bonus issue in the ratio of 0.75 Equity Shares for every 1 Equity Share held in the Bank.

For details, see "*Capital Structure – Equity Share capital history of our Bank*" on page 62.

Financing Arrangements

There have been no financing arrangements whereby the Promoter, directors of our Promoter or members of our Promoter Group or our Directors and any of their relatives have financed the purchase by any other person of securities of our Bank (other than in the normal course of the business of the relevant financing entity) during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus. For details of bonus issue, see "*Capital Structure*" on page 62.

Weighted average price at which the Equity Shares were acquired by the Promoter Selling Shareholder in the one year preceding the date of this Prospectus

The weighted average price at which the Equity Shares were acquired by the Promoter in the one year preceding the date of this Prospectus is Nil. For details of the built up of our Promoter shareholding in our Bank, please see "*Capital Structure – History of the Equity Share Capital held by our Promoter*" on page 63.

Average Cost of Acquisition for the Promoter Selling Shareholder

The number of Equity Shares held by the Promoter Selling Shareholder as on the date of this Prospectus is 78,014,996*. The average cost of acquisition of Equity Shares of the Promoter Selling Shareholder is ₹ 57.70 per Equity Share.

*Includes two Equity Share held by each of the six nominee shareholders of the Promoter (Fino PayTech Limited) viz., Rishi Gupta, Rajeev Arora, Vipr Raj Bharadwaj, Ashish Ahuja, Shailesh Pandey and Amit Jain.

Details of pre-IPO Placement

Our Company does not contemplate any issuance or placement of the Equity Shares from the date of this Prospectus till the listing of the Equity Shares.

Split or Consolidation of Equity Shares in the last one year

Our Bank has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Prospectus.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus to "**India**" are to the Republic of India together with its territories and possessions and all references herein to the 'Government', 'Indian Government', 'GoI', 'Central Government' or the 'State Government' are to the GoI, central or state, as applicable. All references in this Prospectus to the "**U.S.**", "**USA**" or "**United States**" are to the United States of America, together with its territories and possessions.

Unless otherwise specified, any time mentioned in this Prospectus is in Indian Standard Time ("**IST**").

Unless indicated otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Prospectus is derived from the Restated Financial Statements. The Restated Financial Statements included in this Prospectus are for the three month periods ended June 30, 2021 and June 30, 2020 and Fiscals 2021, 2020 and 2019 and have been prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI and the circular no. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 issued by SEBI, as amended from time to time. For further details, see "*Financial Statements*" beginning on page 184.

Our Bank's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Fiscal or Financial Year are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Ind AS, the International Financial Reporting Standards (the "**IFRS**"), the Generally Accepted Accounting Principles in the United States of America (the "**U.S. GAAP**") and the Indian GAAP. The Restated Financial Statement included in this Prospectus have been compiled by the management of our Bank from the audited financial statements as at and for the three month periods ended June 30, 2021 and June 30, 2020, and the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared by our Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, accounting principles generally accepted in India including the Companies (Indian Accounting Standards) Rules, 2015 in so far as they apply to our Bank and circulars, guidelines and directions issued by the RBI from time to time. Our Bank has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Bank's financial data. Further, Fino PayTech Limited, our Promoter, prepares its financial statements in accordance with Ind AS and such statements include our financial statements prepared in accordance with Ind AS for the limited purpose of inclusion in the Promoter's consolidated financial statements. Since Ind AS differs from Indian GAAP, our Ind AS financial statements prepared for the limited purpose of inclusion in Fino PayTech Limited's consolidated financial statements are not comparable to our Restated Financial Statements. For risks in this regard, see "*Risk Factors - Banking companies in India, including us, are currently required to report financial statements as per Indian GAAP. However, we may be required to prepare our financial statements in accordance with Ind AS in the future. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition. The Ind AS financial information that we may be required to prepare in the future may not be comparable to the Indian GAAP financial information we currently prepare.*" on page 37. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Companies Act and the SEBI ICDR Regulations, on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to quantify the differences between the financial data prepared under IFRS and U.S. GAAP, nor have we provided a reconciliation thereof. We urge you to consult your own advisors regarding such differences and their impact on our financial data.

Non-GAAP Financial Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. These non-GAAP financial measures have been reconciled to their nearest GAAP measure in "*Our Business*", "*Other Financial Information*" and "*Capitalisation Statement*" beginning on pages 125, 246 and 271, respectively.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 20, 125 and 248, respectively, and elsewhere in this Prospectus have been calculated on the basis of our Restated Financial Statements.

Certain figures contained in this Prospectus, including our financial statements, have been subject to rounding-off adjustments. All decimals have been rounded off to two decimal points. In this Prospectus, any discrepancies in any table between the sums of the amounts listed in the table and totals are due to rounding off. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Prospectus as rounded-off to such number of decimal points as provided in such respective sources.

Industry and Market Data

Unless otherwise indicated, industry and market data used throughout this Prospectus has been obtained or derived from various industry publications and sources, including the report titled "*Digitalisation of financial services, payments and remittances market in India*" dated October 2021, issued by CRISIL which has been commissioned by our Bank and which has been paid for an agreed fee. The CRISIL Report is available at the following weblink: https://www.finobank.com/pdf/fino_payments_bank_final_industry_report-october_2021_v2_20211023160935.pdf. CRISIL Limited has required us to include the following disclaimer in connection with the CRISIL Report:

CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Fino Payments Bank Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Bank is conducted, and methodologies and assumptions may vary widely among different industry sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The data used in these sources may have been reclassified by us for the purpose of presentation. Data from these sources may also not be comparable.

Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors - Industry information included in this Prospectus has been derived from the CRISIL Report commissioned by us for such purpose. The CRISIL Report is not exhaustive and is based on certain assumptions and parameters/ conditions. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate.*" on page 40.

In accordance with SEBI ICDR Regulations, "*Basis for the Offer Price*" beginning on page 76 includes information relating to our peer group companies, which has been derived from publicly available sources. Accordingly, no investment decision should be made solely on the basis of such information.

Currency and Units of Presentation

All references to "**Rupees**" or "**₹**" or "**INR**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India; and "**U.S. Dollar**" or "**USD**" or "**US$**" or "**$**" are to United States Dollar, the official currency of the United States of America.

In this Prospectus, our Bank has presented certain numerical information. All figures have been expressed in millions, except where specifically indicated. One million represents 10 lakhs or 1,000,000 and ten million represents 1 crore or 10,000,000. However, where any figures that may have been sourced from third party industry sources are expressed in denominations other than millions in their respective sources, such figures appear in this Prospectus expressed in such denominations as provided in such respective sources.

Exchange Rates

This Prospectus contains translations of U.S. Dollar into Indian Rupees. These convenience translations should not be construed as a representation that those U.S. Dollars could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth as of the dates indicated, information with respect to the exchange rate between the

Indian Rupee and the U.S. Dollar:

(in ₹)

Currency	Exchange rate as at June 30, 2021	Exchange rate as at June 30, 2020	Exchange Rate as at March 31, 2021	Exchange Rate as at March 31, 2020	Exchange Rate as at March 31, 2019*
1 US$	74.34	75.52	73.50	75.39	69.17

Source: www.rbi.org.in and www.fbil.org.in

* *Exchange rate as on March 29, 2019, as FBIL reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively.*

Notice to Prospective Investors in the United States

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Bank and the terms of the Offer, including the merits and risks involved. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act pursuant to Section 4(a)of the U.S. Securities Act and (b) outside the United States in "offshore transactions" as defined in and in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements, which include statements with respect to our business strategy, our revenue and profitability, our goals and other matters discussed in this Prospectus regarding matters that are not historical facts. These forward-looking statements include statements with respect to our business strategy, our expected revenue and profitability, our goals and other matters discussed in this Prospectus regarding matters that are not historical facts. These forward looking statements can generally be identified by words or phrases such as *"aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "propose", "project", "will continue", "seek to", "will pursue"* or other words or phrases of similar import. Similarly, statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements, whether made by us or any third parties in this Prospectus, are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This could be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes in the banking industry in which we operate in and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India that may have an impact on our business or investments, monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates and prices, the general performance of Indian and global financial markets, changes in the competitive landscape and incidence of any natural calamities and/or violence. Significant factors that could cause our actual results to differ materially from our expectations include, but are not limited to:

- Uncertainty in relation to the continuing effects of the COVID-19 pandemic and associated responses on our business.
- Inability to undertake fee and commission-based activities owing to external factors such as general macro-economic conditions, regulatory instructions and competitive factors among others.
- Disruption, weakness, failure of our information technology systems, breach of data, cyber threats, inability to innovate, upgrade and respond to new technological advances.
- Inability to comply with stringent regulatory requirements and prudential norms and regulations may have an adverse effect on our business, results of operations, financial condition and cash flows.
- Adverse changes in states of Uttar Pradesh, Bihar and Madhya Pradesh, where our significant portion of merchant distribution network is located, can adversely affect our business, financial condition and results of operations.

For a further discussion of factors that could cause our actual results to differ, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 20, 125 and 248, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Neither our Bank, our Promoter Selling Shareholder, nor the BRLMs, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the requirements of SEBI ICDR Regulations, our Bank will ensure that investors in India are informed of material developments until the receipt of final listing and trading approvals from the Stock Exchanges for the Equity Shares pursuant to the Offer. Our Promoter Selling Shareholder will ensure that investors in India are informed of material developments in relation to the statements and undertakings specifically confirmed or undertaken by our Promoter Selling Shareholder in relation to the Offered Shares in this Prospectus, from the date thereof, until the receipt of final listing and trading approvals from the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before evaluating our business and making an investment in our Equity Shares pursuant to the Offer. This section should be read in conjunction with "Industry Overview", "Our Business", "Summary of Financial Information", "Financial Statements", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 81, 125, 50, 184 and 248, respectively, before making an investment decision in relation to the Equity Shares.

The risks and uncertainties described in this section are not the only risks that are relevant to us or the Equity Shares or industry and segment in which we operate. Additional risks and uncertainties not currently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, financial condition, results of operations and cash flows. If any of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, financial condition, results of operations and cash flows could be adversely affected and the trading price of the Equity Shares could decline and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors described below. However, there are certain risk factors where such implications are not quantifiable, and hence any quantification of the underlying risks has not been disclosed in such risk factors.

In making an investment decision, prospective investors must rely on their own examination of our business and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. For details, see "Forward-Looking Statements" on page 19.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report prepared and released by CRISIL and commissioned and paid for by us for the purposes of understanding the industry in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant fiscal year.

Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from the Restated Financial Statements, which are included in this Prospectus.

To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section, such as those relating to levels of indebtedness and our ability to comply with the covenants contained in the agreements that govern our indebtedness.

1. **The COVID-19 pandemic has had and may continue to have certain adverse effects on our business, operations, cash flows and financial condition and the continuing impacts of COVID-19 are unpredictable and could be significant, and the extent to which it or the effect of outbreaks of any other severe communicable disease may continue to do so in the future, is uncertain and cannot be predicted.**

   The COVID-19 pandemic has impacted, and will likely continue to impact most countries, including India, and has resulted in substantial volatility in global financial markets, increased unemployment and operational challenges, such as the temporary closures of businesses, sheltering-in-place directives and increased remote work protocols, which have significantly slowed down economic activity. According to CRISIL, the Indian economy shrank by approximately 7.3% in financial year 2021 as a result of the COVID-19 pandemic.

   On March 14, 2020, the India Government declared COVID-19 as a "notified disaster" and initiated a nation-wide lockdown beginning March 25, 2020 for three weeks which was extended to May 31, 2020. The lockdown was periodically extended to varying degrees by state governments and local administrations. In compliance with the lockdown orders announced by the Indian Government, as applicable to banks that were declared essential services, we temporarily closed operations at some of our branches and initiated remote working for some of our employees. Further, since the onset of COVID-19 in 2020, we have recorded positive cases within our business, including for some of our KMP.

   A second wave of COVID-19 beginning in March 2021 has become more severe and widespread than the first wave during 2020, with many geographies experiencing shortages of vaccines, hospital beds and oxygen. By late April 2021, India became the first country to report over 400,000 new cases in a 24-hour period. This second wave has also resulted in additional lockdowns throughout India.

   Many of our merchants, BCs, business counterparties and service providers temporarily have ceased their operations as a result of the lockdowns. Further, there is significant uncertainty regarding the duration and long-term impact of the COVID-19 pandemic, as well as possible future responses by the Indian Government, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on our business and operations in the future. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways such as:

- significant decline in domestic remittance transactions as migrant workers relocated from urban areas to hometown locations, leading to a decline in the need to transfer money home. For instance, domestic remittance transactions in the first quarter of financial year 2021 declined by 66.7% to 12.68 million, from 38.07 million in the fourth quarter of financial year 2020 (such decline equating to ₹65,749.06 million in transaction value). Domestic remittance transaction for the second, third and fourth quarters of financial year 2021 and the first quarter of financial year 2022 were 24.17 million, 34.35 million, 35.62 million and 26.41 million, respectively;

- our CASA account activity decreased during the initial period of the outbreak in 2020. For instance, CASA transactions in the first quarter of financial year 2021 declined by 7.8% to 8.52 million, from 9.24 million in the fourth quarter of financial year 2020 (such decline equating to ₹3,350.08 million in transaction value). CASA transaction for the second, third and fourth quarters of financial year 2021 and the first quarter of financial year 2022 were 12.12 million, 18.82 million, 26.74 million and 33.61 million, respectively;

- our CMS operations decreased during the initial period of the outbreak in 2020 as a result of government moratoriums on repayment of loans and therefore reduced cash handling requirements. For instance, CMS transactions in the first quarter of financial year 2021 declined by 35.4% to 0.53 million, from 0.82 million in the fourth quarter of financial year 2020 (such decline equating to ₹7,506.00 million in transaction value. CMS transaction for the second, third and fourth quarters of financial year 2021 and the first quarter of financial year 2022 were 0.99 million, 1.31 million, 1.44 million and 1.35 million, respectively;

- reduced revenue from certain strategic commercial arrangements such as BPCL, where as a result of significantly reduced movement and consequently lower purchases of fuel, BPCL experienced lower customer numbers at its locations;

- adverse effects to our growth rates and on profitability – particularly if our operating expenses do not decrease at the same pace as revenue declines; we may not be able to decrease our expenses significantly in the short-term, or we may choose not to significantly reduce them in an effort to remain focused on long-term outlook and investment opportunities;

- our inability to access debt and equity capital on acceptable terms, or at all, and a further disruption and instability in the global financial markets or deterioration in credit and financing conditions or downgrade of our or India's credit rating that may affect our access to capital and other sources of capital necessary to fund our operations or address maturing liabilities on a timely basis;

- the effects of the COVID-19 pandemic on our future results of operations, cash flows and financial condition could adversely impact our ability to service our debt obligations and comply with the covenants in our credit facilities and other financing agreements and could result in events of default and the acceleration of indebtedness, which could adversely affect our results of operations and financial condition and our ability to make additional borrowings;

- increased vulnerability to cyber-security threats and potential breaches, including phishing attacks, malware and impersonation tactics, resulting from the increase in numbers of individuals working from home;

- our inability to make timely payment towards certain statutory dues, namely professional tax dues, as a result of tax offices not being in operation;

- uncertainty regarding the conditions that must be satisfied before government authorities completely lift "stay-at-home" orders and further imposition of such orders as a result of the resurgence of COVID-19 since March 2021;

- potential negative impact on the health and safety of our personnel, particularly because a number of them were and could in future be afflicted by COVID-19, which could result in a deterioration in our ability to ensure business continuity during this disruption; and

- the rapid shift to remote working and social distancing created inherent operational, productivity, connectivity, and oversight challenges; several of our officers and employees have been afflicted with COVID-19; accordingly, the changed environment under which we are operating could have an adverse effect on our internal controls over financial reporting, our ability to ensure business continuity during this disruption, our ability to meet a number of our compliance requirements in a timely manner, as well as impact the operations of our merchants, BCs and other third parties.

In response to the COVID-19 pandemic, we initiated a business continuity process and quick response team comprising of senior persons from within our business. We also introduced a 24x7 helpline desk to track, monitor and assist employees with issues relating to COVID-19 and other related assistance. Where cases within the business were reported, we initiated tracking procedures, enforced restrictions on business travel and circulated advisory notices and instructions to all employees. Should we continue to experience the impact of the COVID-19 pandemic, including in connection with the "second wave", we may be unable to continue to track, monitor and assist employees, or undertake business continuity processes as successfully as we have in the past.

The extent to which the COVID-19 pandemic impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus, the actions taken globally to contain the coronavirus or treat its impact and vaccine distribution and effectiveness rates, among others. Further, the effect on our business, operations and financial performance may be difficult to predict and may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such effect, whether government-mandated or opted by us may not have the anticipated impact or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. Additionally, if any one or more of our employees are identified as a possible source of spreading COVID-19 or any other similar epidemic, we may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on our business operations.

Further, there can be no assurance that we will have sufficient liquidity to sustain our operations. As of June 30, 2021, we had cash on hand of ₹138.35 million. In addition, our Cash Reserve Ratio ("CRR") was required to be maintained at 4.0% (which was ₹262.84 million), of our net demand and time liabilities ("NDTL") being ₹6,571.11 million, as of June 30, 2021 and we maintained a CRR of 4.0% as of such date. We continue to monitor the evolving situation on an ongoing basis. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition.

2. **We undertake fee and commission-based activities and our financial performance may be adversely affected by an inability to generate income from such activities.**

The primary drivers of our revenue are the fees and commissions that we charge for our products and services, and the volume achieved of such fees and commissions. For the three months ended June 30, 2021, and the financial years 2021, 2020 and 2019, our total fees and commissions combined accounted for 97%, 98%, 97% and 95% of our total income, respectively. The fees and commissions we charge our customers can depend upon a number of factors that are, in part, within our control, which can include our overall business strategy, our expenses related to a particular transaction type, the volume of transactions for a product or service (where the greater the number of expected transactions will typically result in us setting a smaller fee or commission, and vice versa), or promotions that we may be running at any given time. Further, they are also dependent upon a number of external factors, which can include general macro-economic conditions, the market value of certain infrastructure, the supply or demand for a product and service, regulatory instructions (for instance the RBI and NPCI imposed interchange fees), changes in general banking activity and competitive factors with certain other fintech companies, including other Payments Banks or within certain product/service lines. Competitive factors in particular, have and may continue to have an adverse effect on our ability to charge higher fees and commissions to improve our margins.

In addition, due to us charging our fees and commission primarily on per transaction basis, the volume of transactions that we record is a primary driver of our revenue. The volume of transactions depend upon a number of factors that are, in part, within our control, which can include the number of and availability of customer touchpoints (i.e., the number of merchants, mobile applications, branches, CSPs and BCs and strategic commercial relationships), the usability of our customer facing technology and the reliability and capacity of such technology to handle large volumes of transactions, our marketing efforts and customer care initiatives, and the extent to which our customer touchpoints represent our brand in a positive manner. Further, the volume of transactions also depends upon a number of external factors, which can include general macro-economic conditions, critical technology and power infrastructure, government initiatives regarding financial inclusion, digitization of transactions and payments in India, changes in general banking activity and competition.

If we are unable to manage and plan for the factors within and out of our control, we may not adequately set our fee and commission structure to cover all or some of our costs or miss revenue generating opportunities, or even where adequately set, we may miss opportunities to increase volume, each of which may adversely affect our business, financial condition, results of operations and cash flows.

3. **We rely extensively on our information technology systems and any weakness, disruption or failure in such systems, or breach of data, could adversely affect our operations and reputation. Further, our success depends on our ability to innovate, upgrade and respond to new technological advances.**

We are highly dependent on our information technology systems and our ability to efficiently and reliably process a high volume of transactions across numerous locations and delivery channels, as well as for certain critical functions including financial controls, risk management and transaction processing. Our information technology systems enable us to manage the back-end operations that support API, our document management system and connections to our data center, as well as the front-end customer interface, eKYC onboarding and our digital mobile applications. Any disruption to our information technology systems or our ability to efficiently and reliably process our transactions, including disruptions to our digital mobile applications, may adversely affect our operations, reputation and our financial position. See "*Our Business – Description of Our Business and Operations – Information Technology*" on page 133.

Some of our systems are also outsourced to third-party technology service providers who are primarily responsible for parts of our core banking systems, anti-money laundering systems, risk management, debit card management, email systems and corporate website. If these service providers are unable to fulfil their contractual obligations or if we encounter any failure in the timely implementation, performance or integration of such systems, we may experience interruptions in our operations, loss of customers, damaged reputation and weakening of our competitive position. Also see " *Risk Factors– Any non-compliance with law or unsatisfactory service by service providers engaged by us for certain services could have an adverse effect on our business and results of operations*" on page 29.

In addition, our success will depend, in part, on our ability to respond to and keep pace with new technological advances and emerging banking and consumer trends and other financial services industry standards and practices in a cost-effective and timely basis. The development and implementation of such technology, including with respect to new mobile operating systems, entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. For instance, in January 2020, with a view to use digital channels for customer identification process by the registered entities, the RBI amended the Know Your Customer Direction, 2016, to *inter alia*, allow 'Video-based Customer Identification Process' ("V-CIP"). The V-CIP is a consent-based alternate method of establishing the customer's identity for customer onboarding which we introduced for merchant onboarding in December 2020. In the event we are unable to continue to successfully implement such measures and/ or fail to adopt the V-CIP as efficiently as planned, it may adversely affect our business and operations.

Our information technology systems are subject to potential internal and external weaknesses, disruptions and failures such as damage or incapacitation by human error, natural disasters, electrical or telecommunication outages, nation/ region-wide interruptions in the infrastructure, sabotage, computer viruses, hacking, cyber-attacks or similar events, or loss of support services from other third parties, or failures to timely upgrade our information technology systems. For instance, the Cyber Security and Information Technology Examination Cell of RBI conducted an inspection of our operations in June 2019 and made certain adverse observations of our IT system, such as non-compliance with the RBI's cyber security framework, a lack of classification of our data, as well as the need for implementation of a centralized authentication and authorization system, non-compliance with frequency of meetings for our IT strategy committee, implementation of Real Time Fraud Risk Monitoring and Management for various delivery channels and automatic incident management process. While we have since rectified all such non-adherences, we cannot guarantee that we will not receive further adverse observations in the future. Such adverse observations may also lead to RBI taking regulatory action against us in future. Although during the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, we identified no cyber security breaches, and nor have we experienced cyber security breaches in other prior periods, we cannot assure you that this will be the case in future. Weakness, disruption, breach or failure in our information technology systems may have significant consequences on our business, financial condition and results of operations, including disabling or malfunctioning of financial, accounting or data processing systems; inability to or a deterioration in servicing our customers on a timely basis or at all; non-availability of certain information for our management in order to enable them to plan for or respond to contingencies and changes in market conditions in a timely manner or at all; and loss of confidential or material data in relation to our business, operations, financial products and services and employees.

4. **Payment Banks in India, including ours, are subject to stringent regulatory requirements and prudential norms and our inability to comply with such laws, regulations and norms may have an adverse effect on our business, results of operations, financial condition and cash flows.**

Payment Banks in India, including us, are subject to various regulations prescribed by the RBI and the Banking Regulation Act. These include, but are not limited to prudential norms specified in respect of market risk and operational risk, maintenance of regulatory ratios (such as CRR, SLR), authorization of branches, permissible exposures, requisite disclosures in financial statements, fraud classification and reporting, periodic disclosure requirements (including in presentation of financial information and financial statements), and cyber security compliance.

In addition, as a Payments Bank, the RBI In-Principle Approval, RBI License, Payments Bank Licensing Guidelines and Payments Bank Operating Guidelines require us to comply with certain conditions in order to operate our business (of which we are currently in compliance with all such conditions), including but not limited to the following:

- our Equity Shares are required to be mandatorily listed on the stock exchanges within three years from the date of reaching a net worth (i.e. tier I capital as defined by the RBI) of ₹5,000 million; our net worth as of June 30, 2021, March 31, 2021, 2020 and 2019 was ₹1,536.75 million, ₹1,505.47 million, ₹1,300.73 million and ₹1,621.09 million;

- we are required to be owned and controlled by Indian residents in accordance with the Foreign Exchange Management Act, 1999, read with rules and regulations there under ("FEMA"), and at least 26% of our paid up capital is required to be held by Indian residents in accordance with the Payments Bank Licensing Guidelines at all times from the date of commencement of our operations;

- our Promoter is required to ensure that its shareholding in us does not fall below 40% of the paid-up Equity Share capital during the first five years from the date of commencement of our business operations as a Payments Bank, which was June 30, 2017;

- we are required to maintain a minimum net worth of ₹1,000 million at all times;

- any change in our shareholding by way of fresh issue or transfer of shares, directly or indirectly, to a particular investor, acting alone or in concert with any other person, to the extent of 5% or more of our paid-up share capital or 5% or more of our voting rights, requires prior RBI approval;

- we cannot undertake lending activities;

- we are required to have a minimum of 25% of our physical access points, including BCs in rural areas, and a controlling office for a cluster of access points should also be established for control over various outlets and customer grievance redressal;

- we cannot set up subsidiaries to undertake non-banking financial services activities. In addition, the other financial and non-financial services activities of our Promotor, should be kept distinctly ring-fenced and not comingled with our financial services;

- apart from amounts we maintain as CRR with RBI on our outside demand and time liabilities, we are required to invest minimum 75% of our "demand deposit balances" in Government securities/ Treasury Bills with maturity up to one year that are recognized by RBI as eligible securities for the maintenance of our Statutory Liquidity Ratio ("SLR") and hold maximum 25% in current and time/ fixed deposits with other scheduled commercial banks for operational purposes and liquidity management;

- we are required to maintain a minimum capital adequacy ratio ("CAR") of 15% of the weighted assets ("CRARs") on a continuous basis subject to any higher percentage as may be prescribed by the RBI from time to time, with Tier I capital maintained at a minimum of 7.5% of the CRARs and Tier II capital maintained at not more than 100% of the Tier I capital. Our CRAR was 65.5%, 60.9%, 56.3% and 54.8% as of March 31, 2019, March 31, 2020, March 31 2021 and June 30, 2021, respectively; and

- mandatorily undertake an initial public offering within three years of reaching a net worth of ₹5,000.00 million, or voluntarily undertake an initial public offering prior to this net worth threshold.

The RBI may impose penalties on payments banks and its directors in cases of infringement of provisions of the Payments Bank Operating Guidelines, under the Banking Regulation Act. Pursuant to a letter dated May 8, 2018, the RBI imposed restrictions on us for opening accounts for new customers. Further, the RBI issued a show cause notice pursuant to a letter dated September 6, 2018. Subsequent to the receipt of our written response dated September 26, 2018, and an in-person meeting, on October 31, 2018, the RBI imposed a monetary penalty of ₹10 million on us for contravention of the direction to stop opening new CASA accounts until further instructions on account of violation of certain licensing conditions and the Payments Bank Operating Guidelines. The penalty was imposed in exercise of powers vested in the RBI under the provisions of the Banking Regulation Act. Subsequently, pursuant to RBI's letter dated October 19, 2018, such restrictions on opening of accounts for new customers were removed from October 22, 2018 onwards Also, certain requirements that are applicable to Payments Banks in terms of the Payments Bank Operating Guidelines and other banking laws and regulations are more stringent in comparison to non-banking financial companies, and have and will continue to have, and will continue to limit, our ability to carry out certain business operations in order to ensure compliance. In addition, the Payments Bank model is relatively new to India, and uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming, uncertain as well as costly for us to resolve. A failure to comply with laws and regulations applicable to a Payments Bank may have an adverse effect on our business, results of operations, financial condition and cash flows.

In addition, uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming as well as costly for us to resolve. To ensure compliance with the regulatory framework applicable to Payments Banks, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Our inability to comply with laws and regulations applicable to a Payments Bank may have an adverse effect on our business, results of operations, financial condition and cash flows. In case of any failure to comply with the applicable directives and reporting requirements or to meet the prescribed prudential norms, the RBI may charge penalties, penalize our management, restrict our activities or otherwise enforce increased scrutiny and control over our operations, including by way of withholding approvals, or issuing conditional approvals in respect of any proposed actions for which we may seek approval in the future.

5. **We have a limited operating history as a Payments Bank and our future financial and operational performance cannot be evaluated on account of our evolving and growing scale of operations. Accordingly, our future results may not be reflective of our past performance.**

Our Promoter, Fino PayTech Limited was granted an in-principle approval to set up a Payments Bank on September 7, 2015 and was granted a license by the RBI to set up a Payments Bank on March 30, 2017. Following our incorporation on April 4, 2017, we commenced operations as a Payments Bank with effect from June 30, 2017, pursuant to receipt of the RBI License. Prior to commencement of operations as a Payments Bank, our operations formed part of Fino Fintech Limited (a 100% subsidiary of Fino Paytech Limited) whose name got converted to Fino Payments Bank Limited. Fino Fintech Limited provided remittance and BC banking services and each such service remained within our business following receipt of our license. Further, the "payments bank" industry was only proposed by the RBI in 2014 and therefore, the industry as a whole has a limited history. As a result of our limited operating history as a standalone Payments Bank, our Restated Financial Statements may not be reflective of our future financial condition and results of operations and there may be limited historical financial and operational information available to help prospective investors evaluate our past performance as a commercial banking entity. Accordingly, investors should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by and not limited to, other Payments Banks, fintech entities, as well as SFBs and banking entities that target the same or similar customer market and that are in the early stages of development.

Further, as the Payments Bank model is relatively new to India, such operations pose new business and financial challenges, including (i) high levels of upfront and continued customer service required to build and maintain trust among the communities in which we operated and target, (ii) customized and innovative products and services required to meet the needs of the unserved and underserved population, (iii) sourcing deposits from customers and public at large within the unserved and underserved population, (iv) acquisition and operationalization of branches, merchants, Customer Service Points ("CSPs") and BCs, (v) diversification of liability focused products, (vi) adopting a robust asset liability management system, (vii) migration to new technology platforms, (viii) digitization of banking service delivery and other operations in order to source and deliver cost effective financial services to customers, (x) designing and developing a robust system for prevention of fraud committed by our personnel or customers, (xi) designing and developing a comprehensive enterprise wide risk management framework, and (xii) gaining market share. These challenges have and will continue to entail substantial senior level management time and financial resources and put significant demands on our management team and other resources. Our failure to deal with such challenges and to mitigate these risks and uncertainties successfully could adversely affect our business and results of operations.

6. **We may face cyber threats attempting to exploit our network to disrupt products and support services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance.**

We interact with and offer our products and services to our customers through a range of digital channels including our website, mobile phones and micro-ATMs. Therefore, we are exposed to various cyber threats including (i) phishing and trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; (ii) hacking, wherein attackers seek to hack into our website and system with the primary intention of causing reputational damage to us by disrupting services; and (iii) data theft or ransomware, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information or by encrypting some or all of our data and information with the intent to demand a ransom for its restoration. Although during the six months ended June 30, 2021 and the financial years 2021, 2020 and 2019, we identified no cyber security breaches, and nor have we experienced cyber security breaches in other prior periods, we cannot assure you that this will be the case in future.

Cyber security risks for technology-focused companies and banking organizations have significantly increased in recent years in part because of the proliferation of new technologies, increased digitization of our products and services and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cyber security risks may increase in the future as we continue to increase our mobile-payment and other digital-based services and product offerings and expand our internal usage of digital/ web-based services/products and applications.

In addition, cyber security risks have significantly increased in recent years in part due to the increased sophistication and activities of organized crime affiliates, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. Persistent attackers may succeed in penetrating defenses given enough resources, time, and motive. The techniques used by cyber criminals change frequently, may not be recognized until launched and may not be recognized until well after a breach has occurred. The risk of a security breach caused by a cyber-attack via a merchant/branch/CSP or BC, or by unauthorized merchant/branch/CSP or BC access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third party vendors with access to our data may not be disclosed to us in a timely manner.

In view of the COVID-19 pandemic, work-from-home arrangements have been enabled for our employees, other than at the branches, which continue to function as banking is classified as an essential service. This has exposed us to risks arising on account of remote work environment, data security issues, increased cyber-attacks and availability of critical functions and IT systems. Our customers could also be exposed to increased phishing attacks that could result in a financial loss to them, and in turn lead to claims for compensation from us or damage to our reputation. Moreover, in the absence of any data protection laws in India, such private information stored in our database may be vulnerable and susceptible to data breaches. We have established an information and cyber security framework for securing our IT infrastructure and systems, including a cyber security policy, in accordance with RBI's circular on procedure of storage of payment systems data and have established internal controls for monitoring of cyber security glitches. Despite the June 2019 inspection by the Cyber Security and Information Technology Examination Cell of RBI where certain adverse observations of our IT system were made, such as non-compliance with the RBI's cyber security framework, our latest cyber security policy dated July 2020 and framework is compliant with the abovementioned RBI circular. Further, our cyber security management framework, a combination of technologies, processes and practices are designed to protect networks, computers, applications and data from cyber-attacks, damage or unauthorized access. While there have been no successful cyber-attacks in the past on our infrastructure, we may be susceptible to security risks in future, which could result in the disclosure of confidential information.

7. **A significant portion of our merchant distribution network is located in the states of Uttar Pradesh, Bihar and Madhya Pradesh, and accordingly any adverse changes in the conditions affecting these regions can adversely affect our business, financial condition and results of operations.**

A large number of our merchants are located in the states of Uttar Pradesh, Bihar and Madhya Pradesh. As of June 30, 2021, 70,847, 58,452 and 38,277 of our "own" merchants were located across the states of Uttar Pradesh, Bihar and Madhya Pradesh, respectively, aggregating to 46% of our own merchants as of such date, and our revenue from operations, excluding interest income and income generated from the API channel, from the states of Uttar Pradesh, Bihar and Madhya Pradesh for the financial year 2021 was ₹946.55 million, ₹701.76 million and ₹514.00 million, respectively, (for the three month ended June 30, 2021: ₹261.10 million, ₹191.30 million and ₹144.79 million) aggregating to 43% (for the three month ended June 30, 2021: 47%) of our total revenue from operations for such year, excluding interest income and income generated from the API channel. Within Uttar Pradesh, our merchant network was primarily concentrated within the districts of Jaunpur, Azamgarh, Ghazipur and Allahabad, which collectively accounted for 19% of our merchants within such state as of June 30, 2021. Within Bihar, our merchant network was primarily concentrated within the districts of Muzaffarpur, Saran, West Champaran, Madhubani, Samastipur, Darbhanga and East Champaran, which collectively accounted for 36% of our merchants within such state as of June 30, 2021. Within Madhya Pradesh, our merchant network was primarily concentrated within the districts of Rewa, Satna, Balaghat and Sidhi, which collectively accounted for 17% of our merchants within such state as of June 30, 2021. For further information in relation to our geographical presence, see "*Our Business – Description of Our Business and Operations – Distribution*" on page 134.

In the event of a regional slowdown in the economic activity in any of Uttar Pradesh, Bihar and Madhya Pradesh, or any other developments including political unrest, disruption or sustained economic downturn or natural calamities in those regions affecting the ability of our merchants to continue their operations within their respective communities, or that make our services and/or products in these states less available or attractive and beneficial to the customer, we may experience an adverse effect on our financial condition and results of operations, which are largely dependent on the performance, geo-political and other prevailing conditions affecting the economies of the state. The market for our products and services in Uttar Pradesh, Bihar or Madhya Pradesh may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of India. There can be no assurance that the demand for our products and services will grow, or will not decrease, in the future, in these regions.

8. **We have and will continue to introduce new products and services and we cannot assure you that such products and services will be profitable now or in the future. Further, we may not be able to successfully diversify our product and services portfolio or enter into new lines of business, which may adversely affect our business prospects and future financial performance.**

We have and will incur significant costs to expand our range of products and services and we cannot assure you that such products and services will be successful, whether due to factors within or outside of our control, such as general economic conditions, a failure to accurately understand customer demand and distribution and market requirements or insufficient focus by management on these new products and services. We have limited experience in offering certain products and services, having only commenced offering some of these since beginning as a Payments Bank in 2017. As a result, we may not be able to accurately assess and manage all of the opportunities and risks associated with some of these products and services, which may lead to an increase in expenses and/or a decrease in revenue. Further, these operations may be accompanied by operating and marketing challenges that may be different from those we have previously encountered.

In addition, if we fail to successfully offer our new products and services in an increasingly competitive market, our future results of operations and growth strategies could be adversely affected. We may also require approvals from regulatory authorities before we commence offering certain products and services. For example, we are required to seek the approval of the RBI for launching of products offered in partnership with a mutual fund or an ARC. For instance, we have obtained registration to act as a corporate agent from IRDAI in terms of the Insurance Act, 1938, and a no objection for distributing insurance products on a non-risk sharing business from the RBI pursuant to its letter dated June 6, 2017. If we fail to obtain such approvals in a timely manner, or to develop and launch such products and services successfully, or are unable to effectively compete with other banks having similar corporate agency and or/ bancassurance relationships, we may lose a part or all of the costs incurred in the development of such offerings with third parties, or discontinue these offerings, or have strategic relationships damaged, which could in turn adversely affect our business, reputation and results of operations.

As part of our growth strategy, we intend to diversify our products and services portfolio and in doing so, we may encounter certain additional risks including management and market-related risks. We cannot assure you that such diversification or expansion of operations will yield favorable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to effectively recruit, retain and motivate appropriate and experienced operational and managerial talent, and ability to compete with other Payments Banks, scheduled commercial banks and other banks, some of which are already well established in these market segments. Our inability to effectively manage any of these issues could adversely affect our business and future financial performance.

9. **We are dependent on merchants and strategic commercial relationships for our service and product distribution network, as well as the relationships with the BCs that we manage on behalf of other banks. Changes in our relationships with such entities, or adverse conditions that affect such entities (such as the current COVID-19 pandemic), could impair their respective operations and therefore their ability to meet their obligations under our contracts, which in turn could have an adverse effect on our business, results of operations, financial condition and cash flows.**

Our ability to deliver our products and services is dependent on our merchants and strategic commercial relationships. In addition, we rely on our BC network to distribute products and provide services of other banks and commercial entities. In each case, we rely on such entities to interact with our customers and be the face of our brand.

For instance, we have built a pan-India presence with 724,671 merchants as of June 30, 2021 ("Own" and "API" channel). We also have strategic commercial relationships primarily with well-known and respected brands within India and which are not generally on an exclusive basis. In addition, for transactions made through our micro-ATM, AePS and CMS services/ products on our API channel, we typically engage with API Partners who originate the transaction but rely on us and our core banking system infrastructure to complete transaction. Further, we manage approximately 17,430 active BCs across India as of June 30, 2021, who are generally retail agents engaged by us to provide banking products and services on behalf of other banks (such as Union Bank of India and Canara Bank) and at locations other than at traditional branches.

We have limited to no control over such entities described above. We are dependent upon the efforts of such third-party entities to distribute our products (and those of other banks with respect to BCs) to the end-customer. Our merchants, strategic commercial relationships and BCs could fail to adequately perform their obligations to us or breach their obligations, or fail to renegotiate or renew the agreements on commercially reasonable terms. In addition, one or more of those third-party entities could cease operations abruptly, fail or refuse to work with us and/ or begin working for a competitor, fail to meet certain minimum performance clauses, take advantage of the non-exclusivity of certain agreements and begin operating with our competition, become insolvent, or our relationships with such third-party entities may otherwise change adversely, or we may experience high attrition rates with such entities. For the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, the attrition rates in respect of our "own" merchants were 0.05%, 0.32%, 0.37% and 0.21%, respectively, while for our BCs they were 8.81%, 11.38%, 32.88% and 69.06%, respectively. Further, we might not be able to secure a suitable replacement for that entity, regardless of whether they distribute some or all of our products, or service a specific region and/ or community, or distribute the products and services of another bank that is using our BC network. In addition, to the extent these third-party entities violate laws, other regulatory requirements or their contractual and performance obligations, or act inappropriately in the conduct of their business, our business and reputation could be negatively affected, contracts may be terminated or penalties could be directly imposed upon us.

For instance, HDFC Bank has alleged certain irregularities by us and has filed a suit for damages against us (in the name of Fino Fintech Foundation) and Fino PayTech Limited. In this matter, we acted as a BC to provide banking services on behalf of HDFC Bank, pursuant to a Memorandum of Understanding dated August 28, 2009, between HDFC Bank and Government of Haryana (acting through Director Social Justice and Empowerment) for the implementation of a scheme for electronic disbursement of various government entitlements. For details see "*Outstanding Litigation and Material Development*" beginning on page 274.

10. **We will not receive any proceeds from the Offer for Sale**

The Offer consists of a Fresh Issue and an Offer for Sale. The Promoter Selling Shareholder will be entitled to its portion of the proceeds from the Offer for Sale in proportion of the Equity Shares offered by the Promoter Selling Shareholder as part of the Offer for Sale. We will not receive any proceeds from the Offer for Sale. For further details, see "*Objects of the Offer*" on page 72.

11. **Some of our operations involve handling significant amounts of cash, making us susceptible to operational risks, including fraud, petty theft, negligence and embezzlement by our employees or our merchants, which could harm our results of operations and financial position.**

While we seek to increasingly transform our operations to a cashless model, a portion of our business, particularly with respect to the activities associated with CMS, remittances and CASA, continues to be cash based. Our employees at our branches, CSPs, merchants and BCs are responsible for handling, collection and depositing of cash, thereby exposing us to the risks of loss, fraud, misappropriation, theft, assault, negligence and unauthorized transactions by such parties. While we seek to prevent or mitigate such risks through internal control measures, such as by taking security deposits from merchants and BCs and capping transactional limits appropriately, we may be unable to adequately prevent or deter such activities in all cases or obtain insurance that adequately covers such risks. In the past, we have experienced acts of fraud (as defined under the applicable RBI guidelines), theft, forgery and misappropriation committed by or involving our merchants, CSPs, BCs, and customers and employees at our branches. Losses due to fraud in particular in the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019 amount to ₹1.52 million, ₹5.18 million, ₹18.36 million and ₹9.27 million. These acts involved breach in processes, monetary malpractice and in some circumstances a violation of codes of conduct followed by disciplinary issues. We have filed various First Information Reports ("FIRs") and criminal complaints in relation to robbery, theft, fraud, cyber fraud, cheating, forgery, and criminal breach of trust, for details see "*Outstanding Litigation and Material Developments*" beginning on 264.

Although we have systems in place to identify fraud relating to misappropriation of funds, there has been and could be instances of fraud and misconduct by our employees, merchants and BCs which may go unnoticed for certain periods of time before corrective action is taken. For instance, there have been past occurrences of the misappropriation of funds by our employees and certain merchants which we believe to be relatively immaterial and which were addressed in accordance with regulatory guidelines and/or legal action. We also carry an insurance policy covering operational risks such as cash in transit, cash at premises and employee fraud (known as a "bankers' indemnity policy") but which may not cover all operational risks. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorized transaction, fraud or misappropriation, which could adversely affect our goodwill, business prospects, reputation and future financial performance. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. In addition, our dependence upon automated and digital systems to record and process online and face-to-face transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. See also " – *We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance*."

12. **We are subject to supervision and inspection by authorities such as the RBI. Any adverse observations from such regulators could have an adverse effect on our business, financial condition, results of operation and cash flows.**

We are subject to regulation and supervision by the RBI. The RBI as a part of its supervisory processes, conducts periodic inspections under the Banking Regulation Act, pursuant to which the RBI issues observations, directions and monitorable action plans, on issues related to, amongst other things, our operations, risk management systems, internal controls and regulatory compliance and monitoring systems. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction. For instance, pursuant to its annual inspection, RBI issued a report dated November 26, 2019. The annual inspection report had certain adverse remarks on the operations of our business which included, among others, compliance with all licensing conditions, strengthening of functioning of our Audit Committee of Board and audit mechanism with regard to examining/reviewing critical audit related areas (including the risk assessment methodology of audit, appointment of concurrent auditors and quality and sustenance of compliance), introduction of a customer complaint redressal mechanism for "walk-in" customers undertaking domestic remittance, certain deficiencies in our KYC/AML framework, IT systems and control, accounts opening process, outsourcing arrangement and BC model, and a weak customer grievances mechanism. Further, by way of letter dated December 20, 2019 RBI highlighted certain supervisory issues and concerns relating to governance, operations and controls which deserved attention and accordingly provided a Monitorable Action Plan ("MAP") containing action points for us to follow and the timelines to be adhered for compliance. The RBI accepted our MAP and we were required to submit an "action taken" report to show our progress vis-à-vis the action points and timelines specified in MAP.

Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to penalties imposed by the RBI against us and our management, as well as expose us to increased risks. While we have responded to such observations, directions and monitorable action plans in the past, we cannot assure you that RBI will not make similar or other observations in the future. Further, the RBI has also highlighted outstanding monitorable observations in relation to refunding the amounts to the walk-in customers and Suvidha account holders in connection with the failed domestic remittance transactions. As of July 31, 2021, only ₹ 36.3 million out of a total of ₹ 83.3 million was outstanding for refund as per RBI's observation relating to failed domestic remittance transactions. Other major observations that remain open relate to our KYC framework and reconciliation of our BC accounts. As of July 31, 2021, only ₹ 27.7 million out of a total of ₹ 42.5 million was outstanding for refund payment under reconciliation of BC transaction. In the event we are unable to resolve such deficiencies and other matters to RBI's satisfaction, or are otherwise in non-compliance with RBI's directions, RBI may take regulatory and supervisory action which may include charging penalties, restricting our activities or otherwise enforcing increased scrutiny and control over our operations, including by way of withholding approvals, or issuing conditional approvals. For instance, on October 31, 2018, the RBI imposed a monetary penalty of ₹10 million on us for contravention of the direction to stop opening new CASA accounts until further instructions on account of violation of certain licensing conditions and the Payments Bank Operating Guidelines. Imposition of any penalty or adverse findings by the RBI during ongoing or any future inspections may therefore have an adverse effect on our business, results of operations, financial condition and reputation.

13. **We have implemented systems and procedures for "know-your-customer/ anti-money laundering/ combating financing of terrorism" ("KYC/AML/CFT") but may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or reputation.**

We are required to comply with applicable know-your-customer, anti-money laundering and anti-terrorism laws and other regulations in India. These laws and regulations require us to adopt certain measures, including, to adopt and enforce KYC/AML/CFT policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We may face significant challenges with system upgradation to meet the requirements of such regulatory developments. While we have adopted policies and procedures for KYC/ AML/ CFT, such policies and procedures may not eliminate instances where we may be used by other parties to engage in money-laundering and other illegal or improper activities. In the event accounts are not routinely monitored or if subsequent complete KYC checks are not carried out, and if any such parties use our channels for money-laundering or illegal or improper purposes, our business and reputation could be significantly impacted.

While we intend to continue to strengthen our KYC/AML/CFT policies and procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties. For instance, in the RBI's inspection report dated November 26, 2019, the RBI identified certain deficiencies in our KYC/AML framework, such as no "maker and checker" concept being followed in closing AML alerts, with most alerts being closed at the lowest level; in the case of certain accounts, we did not have a system in place to ensure restrictions on various limits (such as monthly limits on withdrawals and transfers or balances); and there was a significant portion of KYC data pending to be uploaded onto the Central KYC Registry, despite our board taking the decision to have all KYC data uploaded by June 30, 2019. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance.

14. **Any non-compliance with law or unsatisfactory service by service providers engaged by us for certain services could have an adverse effect on our business and results of operations.**

We enter into outsourcing arrangements with independent service providers and independent contractors, in compliance with the RBI guidelines on outsourcing. These service providers and contractors provide services that include, among others, micro-ATM management, debit card related services, CSPs, BCs, roll out of our branches, and certain technology management services related to implementation of hardware, software, networks, data center and disaster recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, fraud, theft, embezzlement, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security / confidentiality or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. There can be no assurance that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the service providers' services, or if the service providers discontinue their service agreement with us, our business, financial condition, cash flows and results of operations may be adversely affected. We cannot assure you that the terms of such agreements will not be breached, and in case of any dispute, it may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may adversely affect our business, financial condition, results of operations and cash flows. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks" issued by the RBI places obligations on banks generally (including Payments Banks), its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to ensure outsourced service providers obtain prior approval for the use of subcontractors. The RBI has also directed banks to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our service providers act unethically or unlawfully, could adversely affect our business, financial condition, results of operations and cash flows.

15. **Negative cash flows in the future could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.**

We have in the past, and may in future, experience negative cash flows. The following table sets forth certain information relating to our cash flows for the periods indicated:

(in ₹ millions)

Particulars	Three months ended June 30,	Financial year		
	2021	2021	2020	2019
Net cash (used in)/ generated from operating activities	(640.59)	(322.24)	(836.73)	286.37
Net cash (used in)/ generated from investing activities	(226.98)	(689.46)	(305.42)	(136.21)
Net cash (used in)/ generated from financing activities	304.86	700.07	278.88	349.65

Negative cash flows over extended periods, or significant negative cash flows in the short term, could affect our ability to operate our business and implement our growth plans.

16. **We have incurred losses in the financial years 2019 and 2020 and cannot assure you that we may not incur any net loss in the future.**

We incurred a net loss of ₹623.84 million and ₹320.36 million in financial years 2019 and 2020, respectively, in accordance with our Restated Financial Statements. With our future business plan and strategy, we foresee growth of our revenue and profits, however, we cannot assure you that we will not incur losses in the future.

17. **If we are unable to implement our growth strategies, our operations may suffer and our performance may be adversely affected.**

We have witnessed growth in our business. As of March 31, 2019, 2020 2021 and June 30, 2021, we had 96,843, 192,464 335,359 and 366,861 of "own" merchants, respectively and as of March 31, 2019, 2020, 2021 and June 30, 2021, we had 4,387, 84,935, 306,533 and 357,810 of merchants on the API channel, respectively. Our total income for the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 was ₹3,711.21 million, ₹6,913.97 million, ₹7,910.27 million and ₹2,062.43 million at a CAGR of 22.1%. We intend to strategically grow our network of merchants, branches, CSPs and BCs in existing and new geographies in India in order to attract new customers. We also intend to focus on CASA, micro-ATMs, AePS, CMS and certain other third party products such as insurance, all of which we have identified as having high growth potential. Any such growth in our distribution touchpoints or products and services that we pursue may not be profitable immediately or at all, or may take more time than is planned to break even, and failure to do so within a reasonable period may adversely affect our profitability. Historical growth and the speed of such growth is not indicative of any future growth or speed of such growth.

We will need to enhance, improve and monitor our financial, accounting, information technology, administrative and operational infrastructure and internal capabilities in order to manage the future growth of our business. We cannot assure you that we will succeed in doing so, as it is subject to many factors beyond our control. In addition, we are likely to compete with other Payments Banks, financial institutions and other banking entities, and in certain circumstances local unorganized or semi-organized private financiers, who are more familiar with local business practices and customs, and have stronger relationships with our target unserved and underserved customers. Factors such as competition, customer requirements, regulatory regimes, culture and business practices in these new markets may differ from those in our existing markets.

As we plan to expand our geographic footprint in India, our business may be exposed to additional challenges, including obtaining additional governmental or regulatory approvals, identifying and collaborating with local businesses with whom we may have no existing relationship, successfully marketing our products and services in markets in which we have no or low familiarity, attracting customers in a market in which we do not have significant experience or visibility, maintaining standardized systems and procedures, adapting our marketing strategy and operations to new markets in India in which different languages are spoken, higher technology costs, upgrading, expanding and securing our technology platform in physical locations, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring merchant, CSP, BC and customer satisfaction, recruiting, training and retaining skilled personnel merchants and BCs, failure to manage service providers in relation to any outsourced services and difficulties in the integration of new merchants, BCs, CSP operators and branch employees with our existing network. Further, as we are required to establish at least 25% of our total physical access points (including BCs) in rural centers, in accordance with the Payments Banks Licensing Guidelines, we may be required to enter into markets that may not be profitable or entirely strategically aligned with our business operations. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. If we are unable to implement our planned growth strategies, our business, results of operations, financial condition and cash flows will be adversely affected.

18. **Our industry is very competitive and our growth strategy depends on our ability to compete effectively.**

The banking and financing sector in India is highly competitive and we face competition across all of our products and services from other payments banks, certain fintech companies, micro finance institutions ("MFIs"), small finance banks ("SFBs"), as well as from scheduled commercial banks, public sector banks, private sector banks, non-banking financial companies ("NBFCs") and foreign banks with branches in the country. In particular, we compete closely with other BC operators in our domestic remittance, micro-ATM and AePS offerings; with regional rural banks, public sector banks and small finance banks on our CASA accounts; with BC operators and dedicated CMS entities on our CMS; and with insurance companies, brokers, corporate agents on third party insurance sales and online aggregators.

In addition, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increase in operations of existing competitors or entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advancement of technology based initiatives and alternative modes of banking, we face increased competition from entities that do not rely so heavily on physical touchpoints within the communities in which they target, such as specialized financial technology companies who could disrupt our customer acquisition and retention abilities and distribution processes, all of which may in turn impact our revenues and profitability. Our inability to recognize competitive threats, adapt quickly and compete effectively may adversely affect our business, results of operations financial condition and cash flows.

Due to competitive pressures, we may be unable to successfully execute our growth strategy, distribute products and services effectively, partner with the most desirable businesses or offer products and services at reasonable returns and this may adversely impact our business, future financial performance and the trading price of the Equity Shares. For further details, see "*Our Business – Competition*" on page 147.

19. **We depend on our brand recognition, and failure to maintain and enhance awareness of our brand would adversely affect our ability to retain and expand our base of customers.**

Reputational risk is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry globally and within India. We believe that any damage to the "FINO" brand or to our reputation could substantially impair our ability to maintain or grow our business, or could have an adverse effect on our overall business, financial condition, results of operations and cash flows. If we fail to maintain this brand recognition with our existing and target customers due to any issues with our services and product offerings, a deterioration in distribution or service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and acceptance of our brands by customers, merchants, CSP operators and BCs may also decline. We also distribute our products and services and facilitate transactions via strategic commercial relationships with external organizations, such as BPCL, and cross-sell products of third parties such as insurance and gold loans, where in each case we have limited or no control over such third party external organizations. In addition, for transactions made through our micro-ATM, AePS and CMS products on the API channel, we typically engage with and share commission with third party financial services entities (which we refer to as "API Partners") who originate the transaction but rely on us and our core banking system infrastructure to complete transaction. We have limited to no control over such API Partners. Any negative publicity/ press affecting any of these external organizations can result from actual or alleged conduct in any number of activities and might also affect our reputation and brand value. Although we take steps to minimize reputational risks when dealing with third party organization, in such circumstances, we may not be able to compete for customers effectively, or third party organizations may not want to align themselves with us, and accordingly our business, financial condition and growth prospects may be adversely affected.

Our trademark and logo "Fino Payments Bank – Qadar Aapki Mehnat Ki" is registered with the Trade Marks Registry of India. There can be no assurance that we will be able to successfully renew the registration in a timely manner or at all. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted. We may also be harmed by the actions of or negative press relating to entities which have similar names, including related corporate entities such as Fino PayTech Limited and Fino Finance Private Limited. Any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business, and dilute or harm our reputation and brand recognition.

Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise. Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. Further, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition, results of operations and cash flows. We may also be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using taglines, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third party intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products and services, which may have an adverse effect on our brand, business, prospects, financial condition, results of operations and cash flows.

20. **We have permission to use brands which are owned by our Promoter, Fino PayTech Limited, such as the "FINO" and "Bpay" brands and as such are exposed to the risk that these brands may be affected by events beyond our control and that our Promoter may prevent us from using them in the future.**

Fino PayTech Limited has provided us with a "no objection" certificate, dated May 20, 2021 for use of certain trademarks, including "FINO" , "FINO" and "Bpay" , Fino Finance Private Limited has provided us with a "no objection" certificate, dated June 2, 2021 for use of trademarks "FINO – Fino Finance" "FINO – Fino Finance" , and Fino PayTech Limited has provided us with a "no objection" certificate, dated July 15, 2021 for use of trademark "FINO – Mitra" . Under such certificates, Fino PayTech limited and Fino Finance Private Limited have granted us permission and no objection to us using the trademarks without costs (including any license fee) or considerations, or conditions.

Accordingly, we are exposed to the risk that these brands may be affected by events beyond our control, such as actions or activities undertaken by Fino PayTech Limited and Fino Finance Private Limited or any matter that may impact their reputation. In addition, Fino PayTech Limited and Fino Finance Private Limited may revoke such permission and no objection at any time, which could require us to expend significant resources to establish new branding and name recognition in the market as well as undertake efforts to rebrand our branches, marketing material throughout India and our digital presence. This could have an adverse effect on our brand, business, prospects, financial condition, results of operations and cash flows.

21. **An inability to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business may adversely affect our business, financial condition, results of operation and cash flows.**

We are required to obtain various statutory and regulatory permits and approvals to operate our business which requires us to comply with certain terms and conditions to continue our operations. For instance, we require approvals from the RBI for various aspects of our operations (including for third party loan referral, third-party insurance and to issue and operate pre-paid payment instruments) licenses from other regulatory authorities, such as the Insurance Regulatory and Development Authority of India ("IRDAI") for distribution of third-party insurance products. Failure to obtain these permits and approvals may result in imposition of fines and penalties by the relevant regulator. Further, the RBI In-Principle Approval and RBI License also require us to comply with certain terms and conditions, and in the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have an adverse effect on our business, financial condition, results and cash flow. Further, we may need to apply for new licenses and approvals, including for conversion into a SFB (should this form part of our future business strategy) subject to compliance with applicable regulations, and renew our existing ones, which expire from time to time. Further, we have been operating as a Bharat Bill Payment Operating Unit ("BBPOU") under the National Payments Corporation of India Bharat Bill Payment System for offering our bills payment product pursuant to an in-principle approval received from RBI on October 24, 2018 . The In-principle Approval was valid for a period of six months from the date of receipt of approval and required our Bank to obtain certification from National Payments Corporation of India to operate as BBPOU and thereafter approach RBI for final approval. In this regard, while we have received NPCI certification process clearance to operate as BBPOU on May 28, 2021, our Bank's application dated June 9, 2021 for final approval from RBI is currently pending. Further, we held the Money Transfer Service Scheme (MTSS) License bearing no. FED.MRO.APRD.MTSS-36 dated May 31, 2019 (the "MTSS License"). The MTSS License enables inward cross-border money transfer activities in India in association with Overseas Principal Continental Exchange Solutions, Inc., USA. We have undertaken no such transfers pursuant to the MTSS License and on May 31, 2020, this license expired. We made a renewal application on May 18, 2021 and the RBI through its letter dated August 31, 2021, rejected our application on the ground that we did not file the renewal application during the prescribed time period. Despite us never commencing such transactions, in the absence of a valid license, any MTSS transactions undertaken by us, from the date of expiry of our previous MTSS license (i.e. May 31, 2020), may be considered as unauthorised transactions. The relevant regulatory authorities may initiate appropriate action against our Bank or our Directors. In the event that we are unable to obtain, renew or maintain statutory permits and approvals or comply with regulatory requirements, it may result in the interruption of all or some of our operations, imposition of penalties and could materially and adversely affect our business, financial performance and reputation.

In addition, we are required to obtain certain approvals in the normal course of our business such as employee provident fund, employees' state insurance corporation registration and tax registrations. For further details, see "*Government and Other Approvals– Material approvals in relation to the business operations of our Bank"* beginning on page 280. Further, our approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure in order to comply with such conditions. We may not, at all times, have all approvals required for our business. For details in relation to our pending applications, see "*Government and Other Approvals– Pending Applications"* beginning on page 281. Further, in relation to our merchants, BCs, CSPs and branches, certain approvals, including shops and establishment registrations, may have lapsed. While we have made renewal applications to the appropriate authorities for such lapsed registrations, we cannot assure you that we will obtain renewal. We can also not assure that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked, or that applicable penalties will not be imposed on us in the event of non-compliance with any terms and conditions. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

22. **An inability to secure financing in an acceptable and timely manner and at competitive rates, or any disruption in the access to funds would adversely affect our results of operations, financial condition and cash flows.**

Our business and results of operations depend on our ability to raise funds from various external sources on suitable terms and in a timely manner. Prior to operating as a Payments Bank, and as a wholly-owned subsidiary of Fino PayTech Limited we met our financing requirements through a combination of fixed deposit (overdraft) and unsecured financing arrangements with various banks. On transitioning into a Payments Bank, our borrowings are subject to inter-bank borrowing limits, at par with scheduled commercial banks prescribed by RBI and thus our primary sources of financing have been customer deposits consisting of demand deposits and savings deposits and secured and unsecured overdraft facilities. As of June 30, 2021, the majority of our funding consists of retail deposits accounting for 100% of our total deposits, with a CASA ratio of 100% as well as short-term borrowings in the form of secured overdrafts with other banks of ₹512.20 million. Further, borrowings included repo borrowings of ₹1,349.99 million, call money borrowing of ₹250.00 million and short-term unsecured borrowings of ₹0.65 million.

Our ability to continue to meet customer demand for existing and new products and services may at times depend primarily on our ability to raise funds, whether through deposits, including CASA accounts and refinancing on suitable interest rates and terms, and in a timely manner. In addition, our inability to diversify our financing sources or to reduce our dependence on refinancing as a source of funds may increase our exposure to adverse market risks. Our ability to raise such funds on competitive terms in the future will depend on various factors including our credit ratings, macroeconomic factors, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/ or lenders' perception of demand for debt and equity and debt securities of Payments Banks, and our current and future results of operations, financial condition and cash flows. Our cost of borrowings are partly determined by the credit ratings we have obtained from ICRA, including ratings of BBB-(Stable) ICRA for our existing suite of bank facilities which was assigned for the first time in November 2020. There can be no assurance that we will continue to be granted such credit ratings and any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

We are subject to inter-bank borrowing limits for borrowings made by us after commencing operations as a Payments Bank, at par with scheduled commercial banks. Further, the funds provided by commercial banks and financial institutions to us are not eligible for classification as 'priority sector' advances, as such loans extended are required to be qualified as 'inter-bank lending' and accordingly, our access to loans from banks and financial institutions is currently limited. In addition, we may be unable to attract sufficient deposits from customers, due to various factors beyond our control, such as the market acceptance of the '*Fino Payments Bank*' brand and its associated reputation, and overall perception of private banks as compared to public sector banks. We have to also compete with other banks by offering attractive interest rates, and may be unable to raise sufficient funds, including funds through deposits at existing or higher interest cost. We also face certain restrictions on our ability to incur debt from international markets, which may further constrain our ability to raise funds at attractive rates. Consequently, our inability to raise sufficient funds in a timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.

23. **We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule and enforcement of security, which may adversely affect our business, results of operations, financial condition and cash flows.**

Some of the financing arrangements entered into by us include conditions that require we obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders include, amongst others, changes to (a) our capital structure, (b) our memorandum and/or articles of association, (c) the management controls, (d) undertake merger, consolidation, reorganization, scheme of arrangement or any scheme of amalgamation and (e) undertaking any new business or operation or project or diversification or any substantial expansion. Failure to comply with such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. In addition, some of our borrowers have a right to appoint nominee directors, restructure our management and convert the outstanding debt to equity shareholding in us in the event of default. Further some of our borrowings are unsecured loans repayable on demand. If our lenders exercise their rights in any of the above, it may have an adverse effect on our business, results of operations, financial condition and cash flows.

A failure to observe the covenants under our financing arrangements or to obtain necessary consents/ waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities, cancel undrawn portion of the facility and suspension of further access/ withdrawals, either in whole or in part, for the use of the facility. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. For further information on indebtedness and details of lenders, see *"Financial Indebtedness"* section on page 272.

24. **The success of our business operations is dependent on our KMP and senior management personnel as well as our ability to attract, train and retain such employees.**

The success of our business operations is dependent in part on our ability to retain our KMP and senior managerial personnel, including Rishi Gupta (a founding member of Fino Payments Bank, our MD and CEO, and a former key employee of Fino Paytech Limited) as well as our executive level functional heads including our CFO, COO, Chief Sales Officer and Chief Marketing Officer. We believe that the inputs and experience of our KMP and Board of Directors, in particular, and other key personnel such as our "functional heads" are valuable for the development of our business and operations and the strategic directions taken by us. For further information on our senior managerial personnel, see "*Our Management – Key Managerial Personnel"* beginning on page 174.

Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges and ensuring a high standard of customer service. We cannot assure you that these individuals or any other member of our KMP will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. For the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, the attrition rates in respect of our employees were 12%, 54%, 71% and 65%, respectively, while for our KMPs, they were 0%, 10%, 19% and 18%. In particular, Rishi Gupta has significant industry experience and, along with other key individuals in our business, maintains direct contact with all of our key stakeholders, suppliers and strategic commercial relationships on a regular basis. Rishi Gupta has played, and is expected to continue to play, a significant role in building and maintaining the strong relationships with such customers, suppliers and counterparties into the future. If Rishi Gupta or any one or more of our executive level functional heads were to step down from their leadership positions at our business, our reputation and/or our relationships with customers, suppliers and counterparties could deteriorate.

In addition, we may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with us. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows. Additionally, the RBI reserves the right under the Banking Regulation Act to remove managerial persons from office and/ or supersede the Board in order to protect interests of our depositors.

We may also face attrition of our existing workforce as a result of increased competition or other factors relating to our businesses. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources and impose significant costs on us.

25. **Our operations depend on the accuracy and completeness of information about merchants, CSPs, BCs, customers and counterparties which, if inaccurate or materially misleading, could adversely affect our business and results of operations.**

In deciding whether to enter into relationships and/or transactions with merchants, CSPs, BCs, customers and counterparties, we may rely on information furnished to us by or on behalf of such parties. Our business primarily involves offering small savings accounts and payments / remittance products to the unserved and underserved population (including the migrant labor workforce, low income households, small businesses, other unorganized sector entities and other users), by enabling high-volume low-value transactions in deposits and payments / remittance products in a secured and technology-driven environment. As a result, we are vulnerable to a failure in our onboarding processes, KYC processes and market intelligence, for instance, we may not receive updated information regarding any change in the financial condition of our merchants, CSPs, BCs and customers or may receive inaccurate or incomplete information.

It therefore may be difficult to carry out a formal analysis on some of our customers based on the information that we are supplied. There can be no assurance that our risk management controls will be sufficient or that additional risk management strategies for our customers will not be required. Failure to maintain sufficient assessment policies, particularly for individuals, could adversely affect our products and services portfolio, which could have an adverse effect on our results of operations, financial condition and cash flows.

26. **Our business, reputation and financial results could be impacted by adverse results in legal and arbitration proceedings.**

Legal proceedings involving our Bank, Promoter and Directors, including lawsuits, class action suits, investigations by regulatory authorities and other inspections or audits, could result in judgments, fines, public reprimands, damage to our reputation, significant time and attention required from our management, costs for investigations and remediation of affected customers, or other adverse effects on our business and financial results. For example, as at the date of this Prospectus, we are facing one civil litigation filed by HDFC Bank Limited seeking a money decree of ₹18.92 million along with interest. In this case, HDFC Bank Limited initiated a debt recovery suit against us before the Debt Recovery Tribunal – II, Mumbai ("Debt Recovery Tribunal") on September 9, 2014. HDFC Bank has claimed an amount of ₹ 18.62 million together with interest at 18% p.a. against us. After we filed the DRHP with SEBI, HDFC Bank Limited filed an interim application dated September 21, 2021, before the Debt Recovery Tribunal requesting that among others, we be directed to deposit proceeds of the Offer to the extent of ₹ 18.02 million. If the Debt Recovery Tribunal passes an adverse order, we will be required to deposit ₹ 18.02 million along with interest at 18% per annum with the Debt Recovery Tribunal, and we will not be able to utilise funds to the extent of ₹ 18.02 million for fulfilling objects of the Offer. For more details, see "*Outstanding Litigation and Material Developments – Civil litigation against our Bank*" on page 275. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour.

A summary of outstanding litigation or legal proceedings involving us, our Promoter, Directors, and Group Company (having a material impact on the Bank) as of the date of this Prospectus is provided below:

	No. of cases outstanding	**Amount involved (₹ million)**
Legal proceedings involving our Bank		

	No. of cases outstanding	Amount involved (₹ million)
Against our Bank		
Civil litigation	2	18.92
Tax matters	5	30.61
By our Bank		
Civil litigation	Nil	Nil
Criminal proceedings	2	0.53
Legal proceedings involving our Promoter		
Against our Promoters		
Civil litigation	4	890.55
Criminal proceedings	Nil	Nil
Actions by regulatory and statutory authorities	Nil	Nil
Disciplinary actions including penalty imposed by the SEBI or Stock Exchanges against our Promoter in the last five Financial Years	Nil	Nil
Tax matters	15	131.81
By our Promoters		
Civil litigation	1	96.67
Criminal proceedings	Nil	Nil
Legal proceedings involving our Directors		
Against our Directors		
Civil litigation	Nil	Nil
Criminal proceedings	Nil	Nil
Actions by regulatory and statutory authorities	2	2.5
Tax matters	Nil	Nil
By our Directors		
Material civil litigation	Nil	Nil
Criminal proceedings	Nil	Nil
Legal proceedings involving our Group Company which have a material impact on the Bank	Nil	Nil
Criminal proceedings against our Group Company	Nil	Nil
Criminal proceedings by our Group Company	Nil	Nil
Total	**31**	**1,171.59**

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. While we have not made any provisions for such proceedings, our Promoter has made a provision of ₹ 10.22 million in relation to the taxation proceedings in relation to the Promoter as of June 30, 2021. We establish reserves for legal claims when payments associated with claims become probable and the costs can be reasonably estimated. We may still incur legal costs for a matter even if we have not established a reserve. In addition, the actual cost of resolving a legal claim may be substantially higher than any amounts reserved for that matter. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. Any adverse decision in any of these proceedings may have an adverse effect on our business, reputation, results of operations, financial condition and cash flows.

For further details, see "*Outstanding Litigation and Material Developments*" beginning on page 274.

27. **Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.**

Our risk management functions are divided on the basis of key risks typically faced by banks i.e., liquidity risk, interest rate risk, operational risk, cash management risk, information security and cyber risk; and reputational risk. Our Board of Directors has overall responsibility for the establishment and oversight of our risk management framework, consistent with the applicable guidelines. The RBI, as part of the Payments Bank Operating Guidelines, has also mandated payments banks to implement the operational risk management requirements, issued by RBI for Scheduled Commercial Banks that relate to operational risk. Our risk management governance framework comprises a range of committees, including the Audit Committee, the Risk and Asset Liability Management Committee and IT Strategy Committee (supervises the IT security and cyber risk).

However, we may not be able to effectively mitigate all our risk exposures. While we have risk management policies and procedures, our policies and procedures to identify, assess, monitor and manage risks may not be fully effective. Some of our risk management systems are not automated and are subject to human error. Some of our methods of assessing and managing risks are based on the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we may not be able to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing. An inability to develop and implement effective risk management policies may adversely affect our business, financial condition, results of operations and cash flows.

Further, some of our risk management strategies may not be effective in a difficult market environment, where other market participants may be attempting to use the same or similar strategies to deal with the difficult market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants or government actions. Other risk management methods depend upon an evaluation of information regarding markets, customers and counterparties or other matters. This information may not in all cases be accurate, complete, up-to-date or properly evaluated.

We are exposed to operational risks arising from inadequacy or failure of internal processes or systems such as employee negligence, data theft, fraud and embezzlement by customers and/ or third parties, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions and changing technology and digital and physical payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weaknesses. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering, frauds or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be recoverable or covered by our insurance policies. Any failure or material weakness in our risk management architecture could adversely affect our business, results of operations, financial condition and cash flows.

28. **We track certain operational metrics with internal systems and tools. Certain of our operational metrics are subject to inherent challenges in measurement which may adversely affect our business and reputation.**

We track certain operational metrics, including total transactions, market share and key business and non-GAAP metrics, such as Total Throughput, Return on Average Equity, among others, with internal systems and tools and which may differ from estimates or similar metrics published by third parties due to differences in sources, methodologies, or the assumptions on which we rely, including similar metrics which are reported to the RBI. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or over count performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across large populations and geographies. For example, the accuracy of our operating metrics could be impacted by fraudulent customers of our platform, and further, it is possible that there may be customers who have multiple accounts, even though this is prohibited in our terms of service and we implement measures to detect and prevent this behavior. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our operating metrics are not accurate representations of our business, if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, we expect that our business, reputation, financial condition, cash flows and results of operations would be adversely affected.

29. **Our Promoter will continue to exercise significant influence over us after the completion of the Offer.**

As at the date of this Prospectus, our Promoter holds 100% of our issued, subscribed and paid-up equity share capital. Upon completion of the Offer, our Promoter will continue to hold minimum capital as prescribed by the RBI. As per applicable law, our Promoter's voting rights in us are capped to 26% of the total voting rights (i.e., the maximum voting rights permitted to be exercised by any shareholder in a banking company). As long as our Promoter continues to hold a significant ownership stake in us, our Promoter shall have the ability to significantly influence the outcome of any matter submitted to our shareholders for approval, including the appointment of Directors and matters relating to sale of all or part of our business, mergers, or acquisitions; and changes to our capital structure or financing. Our Promoter also has the right to appoint nominee directors on our Board subject to it holding not less than 40% of the paid up equity share capital of the Bank. The trading price of our Equity Shares could be adversely affected if potential new investors are disinclined to invest in us because they perceive there to be disadvantages in our Promoters holding a large percentage of our Equity Shares.

30. **Prospective investors will not, without prior RBI approval, be able to acquire Equity Shares if such acquisition would result in an individual or group (along with persons acting in concert) holding 5% or more of our share capital or voting rights; further, even with RBI approval, you may not be able to exercise voting rights in excess of 26% of the total voting rights.**

The Banking Regulation Act, read with the Payments Bank Licensing Guidelines, requires any person to obtain prior approval of the RBI, to acquire or agree to acquire shares or voting rights us, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5% or more of the paid-up share capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank.

An approval may be granted by the RBI if it is satisfied that the applicant meets the fit and proper criteria laid down by the RBI. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may restrict any person holding more than 5% of our total voting rights from exercising voting rights in excess of 5%, if such person is deemed to be not fit and proper by the RBI. Further, as per the Banking Regulation Act read with gazette notification no. DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016 and as amended, no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank in respect of private sector banks. For details, see "*Key Regulations and Policies*" on page 150.

31. **Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have an adverse effect on our business, cash flows, results of operations and financial condition.**

While we are covered by a range of insurance that we believe is consistent with industry practice in India and in accordance with the guidelines provided by RBI to cover risks associated with our business, we cannot assure you that the existing coverage will insure us completely against all risks and losses that may arise in the future. These include bankers blanket bond (a master policy covering cash in transit, cash at premises and employee fraud) and debit card policy. In addition, as a subsidiary of Fino Paytech Limited, we are covered under the following polices held by it: cyber policy, all risk policy (moveable assets), marine open inland declaration policy, business shield policy, standard fire and special perils insurance, directors & officers liability (D&O), professional indemnity insurance and commercial general liability policy. We may not have insurance to cover all of the risks associated with our business, as insurance coverage is either unavailable for certain risks or is prohibitively expensive. In addition, even if such losses are insured, we may be required to contribute a substantial deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms, cannot be assured. If we incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have an adverse effect on our business, cash flows, results of operations and financial condition.

32. **We have in this Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.**

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by ratings agencies, securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

33. **All of our branches along with our registered office and corporate office are on leased or licensed premises and we may enter into new lease or license arrangements for additional branches. Any inability on our part to identify suitable premises or enter into or renew lease agreements on commercially reasonable terms, may have an adverse effect on our operations and profitability.**

As of June 30, 2021, our registered office and corporate office and all of our branches are located on leased or licensed premises. In addition, we intend to strategically open additional branches on leased premises in the future. Consequently, any inability on our part to identify suitable premises for our branches, or enter into or renew lease agreements on commercially reasonable terms, may have an adverse effect on our operations and profitability.

Further, nearly all of our lease agreements as well as license agreements are due to expire in the next three months to five years, and in case of non-renewal of our leases or licenses or if such agreements are renewed on unfavorable terms and conditions, we may be forced to procure alternative space for our existing branches, registered office and corporate office and incur additional costs for such relocation. In addition, certain of our branches may be located on premises that have been or will be mortgaged by landlords to secure credit facilities obtained from lenders. If the lenders enforce the mortgage on account of any default by the landlords and subsequently, our leasehold arrangements are cancelled or do not get renewed, or if the parties refuse to renew them on terms that are commercially acceptable to us, we may be required to relocate from such premises. This may cause a disruption in our operations or result in increased costs, or both, which may adversely affect our business, financial condition, results of operations and cash flows, in respect of such defaulting premises.

Further, some of our lease agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. Accordingly, registration charges, and penalties, if any, will have to be paid on such documents upon registration as per the applicable State Registration and Stamp Act. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law for admission, which could adversely affect the continuance of our operations and business. We cannot assure you that we will be able to identify space that satisfies the operational, safety and other criteria for our branches on terms that are commercially reasonable or at all.

34. **We have certain contingent liabilities that have not been provided for in our financial statements, which, if they materialize, may adversely affect our results of operations, financial condition and cash flows.**

As of June 30, 2021, we had the following contingent liabilities which have not been provided for:

Particulars	As of June 30, 2021 (₹million)
Income tax & other matters (under appeal)	3.31
Others	36.83
Total	**40.14**

For further information on our contingent liabilities, see "*Financial Information*" beginning on page 184. If the aforementioned contingent liabilities materialize, our profitability and cash flows may be adversely affected.

35. **RBI may remove any employee, managerial person or may supersede our Board of Directors in certain circumstances.**

The Banking Regulation Act confers powers on the RBI to remove from office any director, chairman, chief executive officer or other officers or employees of a bank (including Payments Banks) in certain circumstances such as, if the RBI is satisfied that it is in public interest or to prevent our affairs being conducted in a manner detrimental to the interests of the depositors. RBI also has the powers to supersede the board of directors of a Payments bank and appoint an administrator to manage the Payments bank for a period not exceeding six months which may be extended such that the total period does not exceed 12 months in certain circumstances, and to penalize the management by way of freezing remuneration levels and/ or other measures. During such supersession, the management of such bank will vacate their office and all the powers, functions and duties of the management under applicable law will be exercised by the administrator. Should any of the steps as explained herein be taken by RBI, our reputation, business, results of operations, financial conditions and cash flows would be adversely affected.

36. **Weakness or failures of our internal control system may cause significant operational errors, which may in turn adversely affect our business.**

We face the risk that our internal controls systems and procedures may prove inadequate, or are circumvented. We are exposed to operational risks arising from the potential inadequacy or failure of internal controls systems and procedures, and our actions may not be sufficient to ensure effective internal controls in all circumstances. For instance, following the RBI's inspection report dated November 26, 2019, the RBI issued a letter dated December 20, 2019 highlighting certain supervisory issues and concerns relating to our governance, operations and controls which deserved attention and accordingly provided MAP containing action points for us to follow and the timelines to be adhered for compliance. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness.

In addition, Payments Banks and financial institutions are generally exposed to many types of operational risks caused by a weakness or failure of internal control systems, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. For further details, see "*Risk Factors – Some of our operations involve handling significant amounts of cash, making us susceptible to operational risks, including fraud, petty theft and embezzlement by our employees or our merchants, which could harm our results of operations and financial position*" on page 27. Further, given the high volume of cash and non-cash transactions that we handle on a day-to-day basis, errors may be repeated or compounded before they are discovered and successfully rectified. For instance, the RBI has highlighted outstanding monitorable observations in relation to refunding the amounts to the walk-in customers and Suvidha account holders in connection with failed domestic remittance transactions. In addition, our dependence on automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

We also outsource certain functions / activities to third-parties subject to compliance and as a result we are exposed to the risk that such external parties may suffer a weakness or failure of internal control systems leading to an inability to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such external parties) business continuity and data security and storage systems prove not to be sufficiently adequate.

37. **We may face difficulties and incur additional expenses in operating in rural and semi-urban markets, where infrastructure may be limited.**

A significant number of our customers are located in the rural and semi-urban markets in India and further, we are required under the RBI License to have 25% of physical access points in rural areas, which may have limited infrastructure, particularly for electricity and internet bandwidth. Our physical access points in rural areas as reported to RBI as of June 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019, were 71%, 71%, 69% and 67%, respectively. Despite us utilizing merchants, strategic partners and BCs in locations across India, we may nonetheless face increased costs in conducting our business and operations in certain areas, implementing security measures and expanding our advertising. We cannot assure you that such costs will not increase in the future as we expand our distribution network in rural and semi urban markets, which could adversely affect our profitability.

38. **Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees, changes in labour laws, or any other change in the relationship we have with our employees.**

As of June 30, 2021 we had 2,801 employees. Although our employees are not unionized and we have not experienced any material labour unrest until the date of this Prospectus, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force in the future. Any labour unrest directed against us, including with respect to increased wage demands, could prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. In addition, the Supreme Court recently changed the method of calculating the contribution towards provident fund of an employee which is expected to result in greater provident fund deductions and lower take home salary for employees as well as an increase in employer's share of contributions towards provident fund to the employees' account. While we have carried out appropriate adjustments in compliance with the Supreme Court's decision, we may not be able to comply with any such changes in the future in a timely manner, which may expose us to greater scrutiny, inspections and potential penalties for non-payment of contributions on allowances. These actions are impossible for us to predict or control and could adversely affect our business, results of operations, financial condition and cash flows.

39. **Financial difficulty and other problems in certain financial and other non-banking financial institutions in India could adversely affect our business and the price of our Equity Shares**

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions, banks and adversely affect our business. Our transactions with these financial institutions and other non-banking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

40. **Our Statutory Auditor has included an emphasis of matter paragraph in their report on our restated financial statements as of and for the three months ended June 30, 2021 and 2020 and the Financial Years ended March 31, 2021 and March 31, 2020.**

Our Statutory Auditor has included emphasis of matters in their report on our restated financial statements as of and for the three month ended June 30, 2021 and 2020 and the Financial Years ended March 31, 2021 and March 31, 2020 which describes that the extent to which the COVID-19 pandemic will impact our financial statements will depend on future developments, which are highly uncertain. For further details see "*Financial Statements*" on page 184. We cannot assure you that our Statutory Auditor's observations for any future financial period will not contain similar remarks, emphasis of matters or other matters including any matters required to be reported under Companies (Auditors Report) Order 2016, and that such matters will not otherwise affect our results of operations.

41. **Our Promoter, Directors and KMP may have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.**

Our Promoter may be deemed to be interested to the extent of Equity Shares held by it, directly or indirectly, in us as well as to the extent of any dividends or other distributions on such shareholding. Additionally, certain of our Directors and KMP may also be regarded as interested to the extent of employee stock options granted by us and which may be granted to them from time to time pursuant to the ESOP 2020, as applicable. For further details, see "*Capital Structure*" on page 62.

For further details, see "*Our Promoter Group and Promoter Group*", "*Our Management – Interest of Directors*" and "*Our Management – Interest of our Key Managerial Personnel*" on pages 176, 163 and 175, respectively.

42. **We engage in related party transactions with our controlling shareholder (Fino PayTech Limited), one of our fellow subsidiaries that are controlled by Fino PayTech Limited (Fino Finance Private Limited), and significant**

shareholders of our controlling shareholder and certain of our KMP, which may potentially involve conflicts of interest.

We currently engage in, and expect to continue to engage in, a variety of activities and transactions with our controlling shareholder (Fino PayTech Limited), one of our fellow subsidiaries controlled by Fino PayTech Limited, being Fino Finance Private Limited, and one of our KMPs, being Rishi Gupta (our MD and CEO) and certain relatives of the KMP. For instance, Fino PayTech Limited allocates a portion of its office space to us for limited number of our employees. The cost of this shared office space is derived on the basis of the number of seats we utilize. For the financial years 2019, 2020, 2021 and the three months ended June 30, 2021, we incurred ₹50.55 million, ₹26.24 million, ₹20.41 million and ₹4.89 million expenditure in connection with such arrangement. In addition, we provide CMS to Fino Finance Private Limited, specifically by providing cash deposit facilities at branches and merchant locations for use by Fino Finance Private Limited. For the financial years 2019, 2020, 2021 and the three months ended June 30, 2021, we generated Nil, ₹7.62 million, ₹6.61 million and ₹1.47 million revenue in connection with such arrangement.

Although all related party transactions that we have or may enter into, have been and will continue to be on arm's length commercial terms, or subject to board or shareholders' approval, as necessary under the Companies Act, 2013 and the SEBI LODR Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Such related party transactions may also potentially involve conflicts of interest. In addition, such other entities are not restricted from competing with us. While none of those entities currently compete directly with us, there is no assurance that they will not compete with us in the future.

For further details, see "*Financial Information – Restated Financial Statements –Note 19 – 12. Related Party Transactions*" on page 227.

43. **Industry information included in this Prospectus has been derived from the CRISIL Report commissioned by us for such purpose. The CRISIL Report is not exhaustive and is based on certain assumptions and parameters/ conditions. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate.**

We have commissioned the services of an independent third party research agency, CRISIL Limited, for an agreed fee to prepare an industry report titled "*Digitalisation of financial services, payments and remittances market in India*" dated October 2021, for purposes of inclusion of such information in this Prospectus. This report is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information, the information has not been prepared by us, the Selling Shareholder or any of our or its respective affiliates or advisors or any other person connected with the issuance and, therefore, neither we nor the Selling Shareholder or any of our or its respective affiliates or advisors make any representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus.

44. **Banking companies in India, including us, are currently required to report financial statements as per Indian GAAP. However, we may be required to prepare our financial statements in accordance with Ind AS in the future. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition. The Ind AS financial information that we may be required to prepare in the future may not be comparable to the Indian GAAP financial information we currently prepare.**

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs, which are also applicable to us. Such roadmap provided that these institutions were required to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial statements for the corresponding periods in the previous year). The RBI, by its circular dated February 11, 2016, required all scheduled commercial banks to comply with Ind AS for financial statements commencing April 1, 2018 and also required such entities to prepare and submit proforma Ind AS financial statements to the RBI since the six months ended September 30, 2016. However, the RBI, through its notification dated March 22, 2019, decided to defer the implementation of Ind AS until further notice for all scheduled commercial banks (except regional rural banks). Under applicable regulations, scheduled commercial banks, including us, are not permitted to undertake early adoption of Ind AS. Accordingly, we continue to prepare and present our financial statements under Indian GAAP.

We have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. Furthermore, the new accounting standards will change, among other things, our methodology for estimating allowances for probable loan losses and for classifying and valuing our investment portfolio and revenue recognition policy. For estimation of probable loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognizing allowances for probable loan losses in the future which may be higher or lower than under current Indian GAAP.

Therefore, there can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under Ind AS than under Indian GAAP. In our transition to Ind AS reporting, when applicable, we may encounter difficulties in the ongoing process of implementing and enhancing management information systems. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of Ind AS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt Ind AS could adversely affect our business and the trading price of the Equity Shares.

45. **Grants of stock options under our employee stock option policy will result, and may continue to result in a charge to our profit and loss statement and, to that extent, reduce our profitability.**

Under the "*Fino Payments Bank Limited - Employees Stock Option Policy, 2020*" ("ESOP 2020"), 1,365,412 options have been granted (including grants that are pending RBI's approval) to eligible employees under the ESOP 2020, subsequent to June 30, 2021. Under Ind AS, the grant of employee stock options results in a charge to our profit and loss statement, based on the difference between the fair value of our Equity Shares determined at the date of grant and the exercise price. Our expenses related to the ESOP 2020 amounted to an estimated ₹9 million for the second quarter of financial year 2022. Such expenses result in a reduction in our profitability for the relevant period. For details see "*Capital Structure – Employee Stock Option Plan*" on page 69.

EXTERNAL RISK FACTORS

Risks Related to India

46. **Political, economic or other factors that are beyond our control may have an adverse effect on our business, results of operations, financial condition and cash flows.**

The Indian economy and capital markets are influenced by economic, political and market conditions in India and globally. We currently operate only in India and, as a result, are dependent on prevailing economic conditions in India. Our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including, any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporates;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend some or all of our operations;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war;
- epidemic, pandemic or any other public health issue in India or in countries in the region or globally, including in India's various neighboring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 pandemic;
- prevailing regional or global economic conditions,
- any downgrading of India's credit rating by a domestic or international rating agency;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, increased regulations or capital investment requirements;
- logistical and communications challenges;
- financial instability in financial markets;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis;

- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so; and

- other significant regulatory or economic developments affecting India

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

47. **Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.**

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

The Finance Act, 2020 ("Finance Act"), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("DDT"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the union budget for financial year 2021, pursuant to which the Finance Bill, 2021 ("Finance Bill"), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. With the assent of the Finance Act 2021, there is a possibility that we may become subject to *inter alia* additional compliances and increased associated costs. For instance, under the Finance Act, 2021, with effect from July 1, 2021, higher Tax Deducted at Source (TDS) may become applicable in the event of a failure of certain compliances, including linking Aadhar with permanent account numbers, or other conditions being proposed which could pose operational and implementational challenges to our business. We have not fully determined the impact of these recent and proposed laws and regulations on our business.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

48. **A downgrade in credit ratings of India, may affect the trading price of the Equity Shares.**

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating from S&P is BBB- with a "stable" outlook as of May 2021. India's sovereign rating decreased from Baa2 with a "negative" outlook to Baa3 with a "negative" outlook by Moody's and from BBB with a "stable" outlook to BBB- with a "negative" outlook (Fitch) in June 2020 (reaffirmed in May 2021 by Fitch); and from BBB "stable" to BBB "negative" by DBRS in May 2020. Any further adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for reasons beyond our control such as, upon a change of government tax or fiscal policy. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

49. **If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our merchants, partners and customers and our profits might decline.**

Inflation rates could be volatile and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

While the India Government through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

50. **Investors may have difficulty in enforcing foreign judgments against us or our management.**

We are a Payments Bank incorporated under the laws of India. The majority of our directors and executive officers are residents of India. A substantial portion of our assets and the assets of our Directors and executive officers resident in India are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore, UAE, and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

51. **Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.**

Under foreign exchange regulations which are currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 319. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, cash flows, results of operations and prospects.

52. **Changes in the shareholding of resident shareholders of our Promoter resulting in such entities being classified as non-residents or transfer of shares in our Promoter by resident shareholders to non-resident shareholders may result in a breach of the terms of our RBI License.**

We operate pursuant to the terms of our RBI License, according to the terms and conditions of which, not less than 51.00% equity share capital of our Promoter should be held by resident Indian shareholders at all times. Accordingly, the non-resident or foreign shareholding in our Promoter cannot exceed 49.00% at any time. As at the date of this Prospectus, 38.62% of the equity share capital of our Promoter is held by non-resident investors and 61.38% of the equity share capital of our Promoter is held by resident Indian investors. Pursuant to a transfer of shares of any resident Indian investor, such current resident Indian investor in our Promoter may be classified to be a non-resident entity. For example, a majority of the equity shareholding of a resident shareholder in our Promoter may be transferred to a non-resident, resulting in such resident shareholder being classified as a non-resident. Further, equity shares of our Promoter held by a current resident Indian shareholder may be transferred to a non-resident investor. We will not be able to prevent such transactions. To the extent that any such classification or transfer results in the shareholding of non-resident investors in our Promoter to exceed 49.00%, such re-classification or transfer will result in a violation of the terms of our RBI License. In each of such situations, we will be required to obtain the approval of the RBI for a change in the conditions prescribed in the RBI License. Any failure to obtain or delay in obtaining such approvals from the RBI may result in the interruption of all or some of our operations and may have an adverse effect on our financial condition.

53. **Our ability to raise foreign capital may be constrained by Indian law.**

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

54. **The individual investment limit and aggregate foreign investment limit for registered Foreign Portfolio Investors ("FPIs") in us is currently 10% and 49%, respectively, of the total paid-up equity share capital of our Bank.**

Foreign investment in India is governed by the provisions of FEMA along with the rules, regulations and notifications made by the RBI thereunder, including FEMA Non Debt Instrument Rules, and the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India from time to time. Under the current FDI Policy (effective October 15, 2020) 49% foreign direct investment is permitted in companies, such as us, under the automatic route and up to 74% is permitted under the government approval route. However, as per terms and conditions of the RBI License, we shall always be controlled by a resident, therefore, foreign shareholding in us cannot exceed 49%.

In terms of the SEBI (Foreign Portfolio Investors) Regulations, 2019, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities registered as foreign portfolio investors having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer paid-up equity share capital on a fully diluted basis. Further, in terms of the FEMA Regulations, the total holding by each FPI, or an investor group, shall be below 10% of our total paid-up equity share capital, on a fully diluted basis, and the total holdings of all FPIs put together can be up to 74% of our paid-up equity share capital, being the sectoral cap applicable to us. Further, under the FDI Policy, at least 26% of our paid-up capital is required to be held by residents.

55. **Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.**

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("STT") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long-term capital gains tax in India. Until March 31, 2018, any gain realized on the sale of equity shares, listed on a stock exchange and held for more than 12 months was not subject to capital gains tax in India if STT was paid on the transaction. However, with the enactment of the Finance Act, 2018 the exemption previously granted in respect of payment of long-term capital gains tax has been withdrawn and such taxes are now payable by the investors with effect from April 1, 2018. The Finance Act, 2018 provides that existing investors are eligible for relief on such capital gains accrued until January 31, 2018 and any long-term capital gains made after January 31, 2018 shall be subject to taxation. The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. The Government of India has announced the union budget for financial year 2021, pursuant to which the Finance Bill, 2021 ("Finance Bill"), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. With the assent of the Finance Act 2021. As such, there is no certainty on the impact that the Finance Act, 2021 may have on our business and operations.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident.

Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, financial condition, results of operations and cash flows.

56. **Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

57. **We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.**

The Competition Act prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India.

The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Any breach of the provisions of Competition Act, may attract substantial monetary penalties.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

58. **The insolvency laws of India may differ from those of another jurisdiction with which investors are familiar.**

As we are established in India under the Companies Act, 2013 and the Banking Regulation Act, 1949, any insolvency proceedings relating to us is likely to involve Indian insolvency laws (including the Insolvency and Bankruptcy Code, 2016 of India), the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which investors are familiar.

Risks Related to the Offer

59. **We cannot be certain that an active trading market for the Equity Shares will develop or be sustained after this offering, and, following the offering, the price of the Equity Shares may fluctuate significantly, which could cause you to suffer substantial losses.**

We cannot guarantee that an active trading market will develop or be sustained after the offering. Nor can we predict the prices at which the Equity Shares may trade after the offering.

The Offer Price of our Equity Shares may not be indicative of the market price for the Equity Shares after the Offer. If you purchase the Equity Shares in our initial public offering, you may not be able to resell them at or above the initial public offering price. We cannot assure you that the initial public offering price of the Equity Shares, or the market price following our initial public offering, will equal or exceed prices in privately negotiated transactions of our shares that may have occurred from time to time prior to our initial public offering. The market price of the Equity Shares may decline or fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- developments with respect to the spread or worsening of the COVID-19 pandemic;
- the impact of COVID-19 on our business operations and our ability to be able to provide products to or service customers, and the consequential impact on our results of operations;
- actual or anticipated fluctuations in our results of operations;
- announcements about our earnings that are not in line with analyst expectations;
- the public’s reaction to our press releases, other public announcements and filings with the regulator;
- changes in senior management or key personnel;
- macroeconomic conditions in India;
- fluctuations of exchange rates;
- the operating and stock price performance of comparable companies;
- changes in our shareholder base;
- changes in our dividend policy;
- issuances, exchanges or sales, or expected issuances, exchanges or sales;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in the regulatory and legal environment in which we operate; and
- market conditions in the banking industry and the domestic and worldwide economies as a whole, including in relation to the COVID-19 crisis.

Any of these factors may result in large and sudden changes in the volume and trading price of the Equity Shares. In the past, following periods of volatility in the market price of a company’s securities, shareholders have often instituted securities class action litigation against that company. If we were involved in a class action suit, it could divert the attention of management, and, if adversely determined, have an adverse effect on our business, results of operations and financial condition.

60. **There is no guarantee that our Equity Shares will be listed on the BSE and NSE in a timely manner or at all.**

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the BSE and NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

61. **Our funding requirements and the proposed deployment of Net Proceeds have not been appraised, and our management will have broad discretion over the use of the Net Proceeds.**

We intend to utilize the Net Proceeds to augment our Tier - I capital base to meet our future capital requirements, which are expected to arise out of growth in our assets, primarily our advances and investment portfolio, and to ensure compliance with applicable RBI regulations and guidelines. For further details, see “*Objects of the Offer - Net Proceeds*” on page 72. As stipulated in Regulation 41 of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency for the use of the Net Proceeds, and we do not intend to do so. Our proposed deployment of the Net Proceeds has not been appraised and it is based on management estimates. Under the SEBI ICDR Regulations, we are not required to appoint a monitoring agency for the Offer and deployment of the Fresh Offer proceeds will be entirely at our discretion. Our management will therefore have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use of the Net Proceeds to achieve profitable growth in our business. Accordingly, the use of the Net Proceeds may not result in the growth of our business or increased profitability.

62. **Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us may dilute your shareholding and any sale of Equity Shares by our Promoter may adversely affect the trading price of the Equity Shares.**

Any future issuance of the Equity Shares or securities linked to the Equity Shares by us, may dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise funds through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that our existing Shareholders including our Promoter will not dispose of further Equity Shares after the completion of the Offer (subject to compliance with the lock-in provisions under the SEBI ICDR Regulations) or pledge or encumber their Equity Shares. Any future issuances could also dilute the value of shareholder's investment in the Equity Shares and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the Offer Price. We may also issue convertible debt securities to finance our future growth or fund our business activities. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

63. **Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.**

We have not declared dividends in the past. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. In addition, the declaration and payment of dividends is subject to relevant RBI regulations (including RBI circular DBOD. NO. BP. BC. 88/21.02.067/2004-05 dated May 4, 2005, as amended). RBI may also restrict the payment of dividends through circulars. For instance, with a view that banks conserve capital in an environment of heightened uncertainty caused by COVID-19, RBI through its circular dated April 17, 2020 prohibited banks from paying dividends for financial year ended March 31, 2020. More recently, RBI through its circular dated April 22, 2021, has allowed payment of dividend of not more than 50% of the dividend payout ratio. Similar restrictions may be imposed in the future and we cannot assure you that we will be able to pay dividends in the future.

64. **Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.**

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

65. **QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.**

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While we are required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders’ ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

66. **A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.**

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of us, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of us. Consequently, even if a potential takeover of us would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Takeover Regulations.

SECTION III: INTRODUCTION

THE OFFER

The following table summarises details of the Offer:

Offer	2,08,02,305* Equity Shares aggregating to ₹12,002.93* million
The Offer consists of:	
Fresh Issue[(1)]	51,99,306* Equity Shares aggregating to ₹3,000* million
Offer for Sale[(2)]	15,602,999* Equity Shares aggregating to ₹ 9,002.93* million
of which	
Employee Reservation Portion[(5)]	51,993* Equity Shares aggregating to ₹30* million
Net Offer	2,07,50,312* Equity Shares aggregating to ₹11,972.93* million
The Net Offer[(3)] consists of:	
A. QIB Category[(4)]	1,55,62,735* Equity Shares aggregating to ₹8,979.70* million
Of which:	
Anchor Investor Portion[(4)]	93,37,641* Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	62,25,094* Equity Shares
Of which:	
Available for allocation to Mutual Funds only (5% of QIB Category excluding Anchor Investor Protection)	3,11,255* Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	59,13,839* Equity Shares
B. Non-Institutional Category	31,12,546* Equity Shares aggregating to ₹1,795.94* million
C. Retail Category	20,75,031* Equity Shares aggregating to ₹1,197.29* million
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as on the date of this Prospectus)	7,80,14,996 Equity Shares
Equity Shares outstanding after the Offer	8,32,14,302* Equity Shares
Utilisation of Net Proceeds	See "*Objects of the Offer*" beginning on page 72 for information about the use of the Net Proceeds. Our Bank will not receive any proceeds from the Offer for Sale.

** Subject to finalisation of the Basis of Allotment*

(1) *The Offer has been authorised by our Board pursuant to its resolution dated October 12, 2021 and by our Shareholders pursuant to a special resolution dated October 12, 2021.*

(2) *Our Promoter Selling Shareholder has authorised the sale of 15,602,999 Equity Shares by way of its board resolution dated July 19, 2021 and consent letter dated July 30, 2021.*

(3) *Subject to valid bids being received at or above the Offer Price, under-subscription, if any, in any category, except the QIB Category, would be met with spill-over from any other category or combination of categories, as applicable, at the discretion of our Bank and Promoter Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue were allocated prior to Equity Shares offered pursuant to the Offer for Sale. After receipt of minimum subscription of 90% of the Fresh Issue, Equity Shares offered pursuant to the Fresh Issue were allocated prior to Equity Shares offered pursuant to the Offer for Sale.*

(4) *Our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, have allocated 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. For further details, see "Offer Procedure" beginning on page 304.*

(5) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion was required to be made available for allocation and Allotment, proportionately to all Eligible Employees who Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The Employee Reservation Portion did not exceed 5% of our post-Offer paid-up Equity Share capital.*

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, were made on a proportionate basis subject to valid Bids received at or above the Offer Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, were allocated on a proportionate basis. For further details, see "*Offer Structure*" on page 300. For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 295.

SUMMARY OF FINANCIAL INFORMATION

The following tables provide the summary of financial information of our Bank derived from the Restated Financial Statements as at and for the three months ended June 30, 2021 and June 30, 2020 and the Financial Years ended March 31, 2021, March 2020 and March 31, 2019.

The Restated Financial Statements referred to above is presented under "Financial Information" beginning on page 184. The summary of financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 248.

(*The remainder of the page is intentionally left blank*)

Restated Summary Statement of Assets and Liabilities

(Currency : Indian Rupees in millions)

Particulars	As at June 30, 2021	As at June 30, 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
CAPITAL AND LIABILITIES					
Capital	445.80	445.80	445.80	445.80	445.80
Reserves and surplus	1,090.95	873.44	1,059.67	854.93	1,175.29
Deposits	2,512.52	1,286.02	2,428.36	1,175.29	475.40
Borrowings	2,112.84	1,005.18	1,807.98	1,107.90	829.03
Other liabilities and provisions	4,039.49	4,721.72	4,361.10	2,656.09	3,915.20
	10,201.60	**8,332.16**	**10,102.91**	**6,240.01**	**6,840.72**
ASSETS					
Cash and balances with Reserve Bank of India	477.94	776.93	883.17	1,308.08	1,574.49
Balances with banks and money at call and short notice	1,667.52	2,435.29	1,825.00	1,711.72	2,308.58
Investments	5,578.25	2,436.65	5,035.58	1,282.70	732.02
Advances	0.63	0.66	1.32	1.02	0.80
Fixed assets	801.30	494.15	642.18	494.92	422.31
Other Assets	1,675.96	2,188.48	1,715.66	1,441.57	1,802.52
	10,201.60	8,332.16	**10,102.91**	**6,240.01**	**6,840.72**
Contingent liabilities	40.14	43.40	40.14	43.40	43.40
Bills for collection	-	-	-	-	-

Restated Summary Statement of Profit and Loss

(Currency : Indian Rupees in millions)

Particulars	Three months ended June 30, 2021	Three months ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
I INCOME					
Interest earned	60.57	44.26	202.55	181.30	191.52
Other income	2,001.86	1,468.95	7,707.72	6,732.67	3,519.69
	2,062.43	**1,513.21**	**7,910.27**	**6,913.97**	**3,711.21**
II EXPENDITURE					
Interest expended	30.58	29.18	95.42	98.68	55.28
Operating expenses	2,000.57	1,464.28	7,569.89	7,125.32	4,270.42
Provisions and contingencies	-	1.24	40.22	10.33	9.35
	2,031.15	**1,494.70**	**7,705.53**	**7,234.33**	**4,335.05**
III PROFIT/LOSS					
Net profit /(loss) for the period/year	31.28	18.51	204.74	(320.36)	(623.84)
Profit/(loss) brought forward	(3,036.24)	(3,189.79)	(3,189.79)	(2,869.43)	(2,245.59)
	(3,004.96)	**(3,171.28)**	**(2,985.05)**	**(3,189.79)**	**(2,869.43)**
IV APPROPRIATIONS					
Transfer to statutory reserve	-	-	51.19	-	-
Balance carried over to Balance Sheet	**(3,004.96)**	**(3,171.28)**	**(3,036.24)**	**(3,189.79)**	**(2,869.43)**
EARNING PER EQUITY SHARE (Face value of Rs.10 per share)					
Basic (Rs.)	0.40	0.24	2.62	(4.11)	(8.00)
Diluted (Rs.)	0.40	0.24	2.62	(4.11)	(8.00)

Restated Summary Statement of Cash Flows

(Currency : Indian Rupees in millions)

	Particulars	Three months ended June 30, 2021	Three months ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
I	**Cash Flow from / (used in) operating activities**					
	Net loss for the year (before taxes)	31.28	18.51	204.74	(320.36)	(623.84)
	Adjustments for:-					
	Profit/ (Loss) on Sale of Fixed Assets (Net)	-	-	6.37	(2.86)	(0.05)
	Add : Non-Cash Expenditure					
	Depreciation	67.86	55.13	535.83	235.66	182.59
	Provision for doubtful debts and advances	-	1.24	40.22	10.33	9.35
	Gratuity	3.18	5.85	18.16	22.97	14.68
	Compensated absence	2.43	0.45	9.74	9.51	13.91
		104.75	**81.18**	**815.06**	**(44.75)**	**(403.36)**
	Cash Flow before working capital changes					
	Adjustments for working capital changes:-					
	Increase/(decrease) in deposits	84.16	110.73	1,253.07	699.90	83.13
	(Increase)/decrease in advances	0.69	0.36	(0.29)	(0.22)	(0.20)
	Increase/(decrease) in other liabilities and provisions	(327.23)	2,059.33	1,677.12	(1,291.60)	1,624.58
	(Increase)/decrease in investments	(542.67)	(1,153.95)	(3,752.88)	(550.68)	(94.29)
	(Increase)/decrease in other assets	58.04	(822.46)	(409.38)	282.37	(976.94)
	Direct tax(paid)/received (net of refunds)	(18.33)	74.31	95.06	68.25	53.45
	Net cash used in operating activities	(640.59)	**349.50**	**(322.24)**	**(836.73)**	**286.37**
II	**Cash Flow from / (used in) investing activities**					
	Addition to fixed assets (including capital work in progress)	(226.98)	(54.36)	(690.38)	(309.34)	(137.81)
	Sale of Fixed assets	-	-	0.92	3.92	1.60
	Net cash used in investing activities	**(226.98)**	**(54.36)**	**(689.46)**	**(305.42)**	**(136.21)**
III	**Cash Flow from/ (used in) financing activities**					
	Net proceeds from borrowings	304.86	(102.72)	700.07	278.88	349.65
	Net cash flow from financing activities	**304.86**	**(102.72)**	**700.07**	**278.88**	**349.65**
IV	**Net (Decrease)/Increase in Cash and cash equivalent**	(562.71)	192.42	(311.63)	(863.27)	499.81
V	**Cash and cash equivalents at the beginning of the year**	2,708.17	3,019.80	3,019.80	3,883.07	3,383.26
VI	**Cash and cash equivalents at the end of the year**	**2,145.46**	**3,212.22**	**2,708.17**	**3,019.80**	**3,883.07**
Notes to the Cash Flow Statement:						
Cash and cash equivalents includes the following:						
(i)	Cash and balances with Reserve Bank of India (Refer Schedule 6)	477.94	776.93	883.17	1,308.08	1,574.49
(ii)	Balances with banks and money at call and short notice (Refer Schedule 7)	1,667.52	2,435.29	1,825.00	1,711.72	2,308.58
Cash and cash equivalents at the end of the year		**2,145.46**	**3,212.22**	**2,708.17**	**3,019.80**	**3,883.07**

GENERAL INFORMATION

Registered and Corporate Office address of our Bank

Mindspace Juinagar, Plot No Gen 2/1/F,
Tower 1, 8th Floor, TTC Industrial Area,
MIDC Shirwane, Juinagar,
Navi Mumbai – 400 706
Maharashtra, India
Tel: +91 22 7104 7000
Corporate Identity Number: U65100MH2007PLC171959
Registration Number: 171959

Address of the Registrar of Companies

Our Bank is registered with the Registrar of Companies, Maharashtra at Mumbai, located at the following address:

100, Everest,
Marine Drive,
Mumbai – 400002
Maharashtra, India

Board of Directors

The following table sets out the details regarding our Board, as on the date of this Prospectus:

Name and Designation	DIN	Address
Rishi Gupta, Managing Director and CEO	01433190	C-603/4, Lake Lucerne Phase III, Lake Homes, Off. A.S. Marg, Powai, Mumbai - 400 076, Maharashtra, India
Avijit Saha, Nominee Director	05102009	1103, Wing C, Fantasy Land, CTS No. 1, J V Link Road, Opp Majas Depot, Jogeshwari (East), Mumbai 400 060, Maharashtra, India
Ravi Subbaiah Pagadala, Nominee Director	08183038	Flat No 25, BPC Towers, (Altamount Road), 1A Altamount Road, Mumbai 400 026, Maharashtra, India
Mahendra Kumar Chouhan, Part-time Chairman and Independent Director	00187253	A-1, Shitala Krupa, 277 L.J. Road, Mahim (W), Mumbai – 400 016, Maharashtra, India
Suresh Kumar Jain, Independent Director	05103064	Flat no. D-201/202, Ashok Tower, Doctor SS Rao Marg, Lower Parel, Mumbai – 400012, Maharashtra, India
Punita Kumar Sinha, Independent Director	05229262	51, Gate House Road, Chestnut Hill, Newton, MA – 02467, Massachusetts, USA
Deena Asit Mehta, Independent Director	00168992	17A, Abhilasha Building, 17th Floor, 46 August Kranti Marg, Mumbai 400036, Maharashtra, India
Rajat Kumar Jain, Independent Director	00046053	B-6/806, Sahara Grace, Behind Sahara Mall, MG Road, Gurgaon – 122002, Haryana, India

For brief profiles and further details in respect of our Directors, see "*Our Management – Our Board*" beginning on page 159.

Company Secretary and Compliance Officer

Basavraj Loni is our Company Secretary and Compliance Officer. His contact details are as follows:

Basavraj Loni
Flat No. G 103, Raje Shivaji Sankul,
Gut no. – 19/1A, 43/3, 45/4, 53/0,
Khurd, Usarli Bk., Panvel,
Raigarh 410206
Maharashtra, India
Tel.: +91 22 7104 7027
Email: basavraj.loni@finobank.com

Book Running Lead Managers

Axis Capital Limited
Axis House, 1st Floor,
Wadia International Centre,
Pandurang Budhkar Marg, Worli
Mumbai – 400 025
Maharashtra, India

Tel.: + 91 22 4325 2183
E-mail: fpbl.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor grievance mail: complaints@axiscap.in
Contact Person: Simran Gadh
SEBI Registration No: INM000012029

CLSA India Private Limited
8/F, Dalamal House,
Nariman Point,
Mumbai - 400 021
Maharashtra, India
Tel.: +91 22 6650 5050
E-mail: fino.ipo@clsa.com
Website: www.india.clsa.com
Investor grievance mail: investor.helpdesk@clsa.com
Contact Person: Prachi Chandgothia
SEBI Registration No: INM000010619

ICICI Securities Limited*
ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi
Mumbai – 400 025
Maharashtra, India
Tel: +91 22 6807 7100
E-mail: fino.ipo@icicisecurities.com
Website: www.icicisecurities.com
Investor grievance mail: customercare@icicisecurities.com
Contact Person: Monank Mehta
SEBI Registration No: INM000011179

* *In compliance with the proviso to Regulation 21A of the SEBI Merchant Bankers Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities Limited would be involved only in the marketing of the Offer. ICICI Securities Limited has signed the due diligence certificate and has been disclosed as a BRLM to the Offer.*

Nomura Financial Advisory and Securities (India) Private Limited
Ceejay House, Level 11,
Plot F, Shivsagar Estate,
Dr. Annie Besant Marg, Worli,
Maharashtra, India
Mumbai – 400 018
Tel.: +91 22 4037 4037
E-mail: finopaymentsbankipo@nomura.com
Website: www.nomuraholdings.com/company/group/asia/india/index.html
Investor grievance mail: investorgrievances-in@nomura.com
Contact Person: Vishal Kanjani / Sandeep Baid
SEBI Registration No: INM00001419

Registrar to the Offer

KFin Technologies Private Limited
(*formerly known as Karvy Fintech Private Limited*)
Selenium, Tower B,
Plot No 31 and 32, Financial District,
Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032,
Telangana, India
Tel: +91 40 6716 2222 / 1800 345 4001
E-mail: finopayments.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact person: M Murali Krishna
SEBI registration number: INR000000221

Legal Advisors to the Offer

Legal Counsel to our Bank and Promoter Selling Shareholder as to Indian Law

Trilegal
Peninsula Business Park
17th Floor, Tower B
Ganpat Rao Kadam Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India

Legal Counsel to the BRLMs as to Indian Law

Shardul Amarchand Mangaldas & Co
23rd Floor, Express Towers
Nariman Point, Mumbai 400 021
Maharashtra, India

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216 Okhla Industrial Estate
Phase III, New Delhi 110 020
New Delhi, India

International Legal Counsel to the BRLMs

Sidley Austin LLP
6 Battery Road,
Level 31,
Singapore 049909

Statutory Auditors of our Bank

MSKC & Associates
(formerly known as R.K. Kumar & Co.)
602, Floor 6, Raheja Titanium ,
Western Express Highway,Geetanjali ,
Railway Colony, Ramnagar,
Goregaon (E), Mumbai-400 063 Tel.: +91 22 3358 9800
Email: tusharkurani@bdo.in
Peer review no.: 011948
Firm registration no.: 001595S

Changes in statutory auditors

Except as stated below, there has been no change in the statutory auditors during the last three years immediately preceding the date of this Prospectus

Name of the Auditor(s)	Date of Change	Reason for Change
BSR & Associates 5th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011 Tel: +91 22 4345 5300 Email: asuvarna@bsraffiliates.com Peer review no: 011719 Firm Registration No.: 116231W/W-100024	September 30, 2019	RBI rejected the proposal of re-appointing BSR & Associates as statutory auditors.
MSKC & Associates *(formerly known as R.K. Kumar & Co.)* 602, Floor 6, Raheja Titanium , Western Express Highway,Geetanjali , Railway Colony, Ramnagar,	September 30, 2019	Appointed as statutory auditor for a period of one year i.e. Fiscal 2020.

Name of the Auditor(s)	Date of Change	Reason for Change
Goregaon (E), Mumbai-400 063 Tel.: +91 22 3358 9800 Email: tusharkurani@bdo.in Peer review no.: 011948 Firm registration no.: 001595S	September 30, 2020	Appointed as statutory auditor for period of one year i.e. Fiscal 2021.
	September 25, 2021	Appointed as statutory auditor for period of one year i.e. Fiscal 2022.

Banker(s) to the Offer

Escrow Collection Bank, Public Issue Account Bank, Refund Bank and Sponsor Bank

Axis Bank Limited

I Fortune 2000, Ground Floor,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051
Tel: + 022 61483110
Email: bkc.operationshead@axisbank.com
Website: Axisbank.com
Contact Person: Naina Mochrela
SEBI Registration Number: INBI00000017
CIN: L65110GJ1993PLC020769

Banker to our Bank

AU Small Finance Bank Limited
5th Floor, E Wing, Kanakia Zillion,
Junction of CST and LBS road, Kurla West,
Mumbai – 400070, Maharashtra, India
Phone: +911414110060/61
Email: prince.tiwari@aubank.in
Website: www.aubank.in
Contact person: Mr. Prince Tiwari

Statement of inter se allocation of responsibilities among the Book Running Lead Managers

The following table sets forth the *inter-se* allocation of responsibilities for various activities among the BRLMs:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring positioning strategy and due diligence of the Bank including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing	Axis Capital, CLSA, Nomura	Axis Capital
2.	Drafting and approval of all statutory advertisement	Axis Capital, CLSA, Nomura	Axis Capital
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report	Axis Capital, CLSA, Nomura	Axis Capital
4.	Appointment of Intermediaries - Registrar to the Offer, Printers to the Offer including co-ordination for agreements	Axis Capital, CLSA, Nomura	Axis Capital

Sr. No.	Activity	Responsibility	Co-ordinator
5.	Appointment of Bankers to the Offer including co-ordination for Agreements	Axis Capital, CLSA, Nomura	Axis Capital
6.	Appointment of Ad agency and coordination of Ad Agency Agreement	Axis Capital, CLSA, Nomura	Axis Capital
7.	Preparation of road show presentation	BRLMs*	Nomura
8.	Preparation of FAQs for the road show team	BRLMs*	Nomura
9.	International institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	BRLMs*	CLSA, Nomura
10.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	BRLMs*	Axis Capital
11.	Conduct non-institutional marketing of the Offer, which will cover, *inter-alia*: • Finalizing media, marketing and public relations strategy • Formulating strategies for marketing to Non-Institutional Investors	BRLMs*	ICICI Securities*
12.	Conduct retail marketing of the Offer, which will cover, *inter-alia*: • Finalize media, marketing, public relations strategy and publicity budget including list of frequently asked questions at retail road shows • Finalize collection centers • Finalize centers for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	BRLMs*	ICICI Securities*
13.	Coordination with Stock-Exchanges for anchor intimation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange	Axis Capital, CLSA, Nomura	CLSA
14.	Managing the book and finalization of pricing in consultation with the Bank	Axis Capital, CLSA, Nomura	CLSA
15.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.	Axis Capital, CLSA, Nomura	Nomura

Sr. No.	Activity	Responsibility	Co-ordinator
	Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI		

[*] In compliance with the proviso to Regulation 21A of the SEBI Merchant Banker Regulations and Regulation 23(3) of the SEBI ICDR Regulations, ICICI Securities will be involved only in marketing of the Offer, ICICI Securities has signed the due diligence certificate and has been disclosed as BRLM for the Offer.

Designated Intermediaries:

Self Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndic ate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) as updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as updated from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the stock exchange, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com and https://www.nseindia.com, as updated from time to time.

RTAs

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and www.nseindia.com, respectively, as updated from time to time.

CDPs

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and www.nseindia.com, respectively, as updated from time to time.

IPO Grading

No credit rating agency registered with SEBI has been appointed for grading of the Offer.

Appraising Entity

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

Monitoring Agency

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer.

Expert to the Offer

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated October 22, 2021 from our Statutory Auditor, MSKC & Associates, Chartered Accountants to include their name as required under Section 26(5) of the Companies Act read with SEBI ICDR Regulations in this Prospectus as an "expert" as defined under Section 2(38) of the Companies Act to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated October 11, 2021 on our Restated Financial Statements; and (ii) its report dated October 21, 2021 on the statement of possible special tax benefits in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

The term "expert" and consent thereof does not represent an expert or consent within the meaning under the U.S. Securities Act.

Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

Trustees

As the Offer is of Equity Shares, the appointment of trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of the Draft Red Herring Prospectus

A copy of the Draft Red Herring Prospectus was filed electronically with SEBI on cfddil@sebi.gov.in in accordance with SEBI circular dated March 27, 2020, in relation to "*Easing of Operational Procedure –Division of Issues and Listing –CFD*"; and has also been uploaded on the platform provided by SEBI at https://siportal.sebi.gov.in, in accordance with Regulation 25(8) of the SEBI ICDR Regulations and the SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

The Red Herring Prospectus, along with the material contracts and documents has been submitted under Section 32 of the Companies Act and filed with the RoC and a copy of this Prospectus to be filed under Section 26 of the Companies Act shall be delivered for filing at the office of the RoC at 100, Everest, Marine Drive, Mumbai – 400002, Maharashtra, India.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band was decided by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, and advertised in all editions of Financial Express, a widely circulated English national daily newspaper, all editions of Jansatta, a widely circulated Hindi national daily newspaper and Mumbai edition of the Marathi daily newspaper Nav Shakti (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is located), at least two Working Days prior to the Bid/Offer Opening Date; and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. Pursuant to the Book Building Process, the Offer Price has been determined by our Bank and our Promoter Selling Shareholder in consultation with the BRLMs after the Bid/Offer Closing Date.

All Bidders (other than Anchor Investors) were to participate in this Offer only through the ASBA process. Anchor Investors were not permitted to participate in the Offer through the ASBA process. In addition to this, the Retail Individual Bidders participated through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount was blocked by the SCSBs; or (b) through the UPI Mechanism.

In terms of the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion could have revised their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until the Bid/Offer Closing Date. Anchor Investors are not allowed to revise or withdraw their Bids after the Anchor Investor Bid/Offer Period. Except for Allocation to Retail Individual Bidders and the

Anchor Investors, Allocation in the Offer was on a proportionate basis. For further details on book building procedure and method and process of Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 300 and 304, respectively.

Each Bidder by submitting a Bid in the Offer, was deemed to have acknowledged the above restrictions and the terms of the Offer.

The Book Building Process was in accordance with guidelines, rules and regulations prescribed by SEBI, subject to change from time to time. Investors were advised to make their own judgment about an investment through this process prior to submitting a Bid.

Investors were made to note the Offer was also subject to obtaining final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment.

Underwriting Agreement

Our Bank and our Promoter Selling Shareholder entered into an underwriting agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated November 3, 2021. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone and e-mail of the Underwriters	**Indicative Number of Equity Shares to be Underwritten**	**Amount Underwritten (₹ in million)**
Axis Capital Limited Axis House, 1st Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli Mumbai – 400 025 Tel.: + 91 22 4325 2183 E-mail: fpbl.ipo@axiscap.in	52,00,577	3,000.73
CLSA India Private Limited 8/F, Dalamal House, Nariman Point, Mumbai - 400 021 Tel.: +91 22 6650 5050 E-mail: fino.ipo@clsa.com	52,00,576	3,000.73
ICICI Securities Limited ICICI Venture House Appasaheb Marathe Marg Prabhadevi Mumbai – 400 025 Tel: +91 22 6807 7100 E-mail: fino.ipo@icicisecurities.com	52,00,576	3,000.73
Nomura Financial Advisory and Securities (India) Private Limited Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Marg, Worli Mumbai – 400 018 Tel.: +91 22 4037 4037 E-mail: finopaymentsbankipo@nomura.com	52,00,576	3,000.73

The abovementioned amounts are provided for indicative purposes only and will be finalised after the pricing and actual allocation and subject to the provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board/ IPO Committee, at its meeting held on November 3, 2021, has approved the Underwriting Agreement mentioned above on behalf of our Bank.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Bank, as of the date of this Prospectus, is set forth below:

(in ₹, except share data)

	Particulars	Aggregate nominal value	Aggregate value at Offer Price[$]
A)	**AUTHORISED SHARE CAPITAL[*]**		
	85,000,000 Equity Shares of face value of ₹ 10 each	850,000,000	-
	Total	850,000,000	
B)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	78,014,996 Equity Shares of face value of ₹ 10 each	780,149,960	-
C)	**OFFER**		
	Offer of 2,08,02,305** Equity Shares aggregating to ₹ 12,002.93** million	208,023,050**	12,00,29,29,985**
	Of which:		
	Fresh Issue of 51,99,306** Equity Shares aggregating to ₹ 3,000** million[#]	51,993,060**	2,99,99,99,562**
	Offer for Sale of 15,602,999** Equity Shares aggregating to ₹9,002.93** million[##]	156,029,990**	9,00,29,30,423**
	which includes		
	Employee Reservation Portion of 51,993 Equity Shares aggregating to ₹ 30 million[^]	519,930	3,00,00,000
	Net Offer of 2,07,50,312** Equity Shares	207,503,120**	11,97,29,30,024**
D)	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	8,32,14,302** Equity Shares of face value of ₹10 each	832,143,020**	-
E)	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		3,710,368,167
	After the Offer		6,658,374,669

$ *The Offer Price is ₹577 per Equity Share.*

* *For details in relation to changes in the authorised share capital of our Bank, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 157.*

** *Subject to finalisation of the Basis of Allotment.*

\# *The Offer has been authorised by our Board pursuant to its resolution dated October 12, 2021 and by a special resolution of our Shareholders adopted at the meeting held on October 12, 2021*

\## *Our Promoter Selling Shareholder has authorised the sale of the Offered Shares by way of its board resolutions dated July 19, 2021 and consent letter dated July 30, 2021.*

^ *Eligible Employees bidding in the Employee Reservation Portion had ensured that the maximum Bid Amount did not exceed ₹500,000. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion did not exceed ₹200,000.*

Notes to Capital Structure

1. **Share Capital History of our Bank**

    1. ***Equity share capital***

    The following table sets forth the history of the equity share capital of our Bank.

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
August 14, 2007	Rishi Gupta	Incorporation	5,000	10	10	Cash
August 14, 2007	Tarun Agarwal	Incorporation	5,000	10	10	Cash
January 10, 2017	Fino PayTech Limited	Rights issue in the ratio of 2971 Equity Shares for every 1 Equity Share held in the Bank	29,710,000	10	101	Cash
June 27, 2017	Fino PayTech Limited	Rights issue in the ratio of 1 Equity Share for every 2	14,859,997	10	101	Cash

Date of allotment	Name(s) of allottee(s)	Reason / nature of allotment	No. of Equity Shares allotted	Face value per equity share (₹)	Issue price per equity share (₹)	Nature of consideration
		Equity Shares held in the Bank				
July 22, 2021	Fino PayTech Limited[(1)]	Bonus issue in the ratio of 0.75 Equity Share for every 1 Equity Share held in the Bank	33,434,999	10	Nil	N.A.

[(1)] One Equity Share allotted each to the six nominee shareholders of our Promoter viz., Rishi Gupta, Rajeev Arora, Vipr Raj Bharadwaj, Ashish Ahuja, Shailesh Pandey and Amit Kumar Jain.

2. ***Preference Share capital***

Our Bank has not issued any preference shares since its incorporation.

3. ***Equity Shares issued for consideration other than cash***

Our Bank has not issued any Equity Shares for consideration other than cash since its incorporation.

4. ***Equity Shares issued out of revaluation reserves***

Our Bank has not issued any Equity Shares out of revaluation reserves since its incorporation.

5. ***Allotment of Equity Shares pursuant to scheme of arrangement***

Our Bank has not allotted any Equity Shares pursuant to a scheme of arrangement approved under Section 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013.

6. ***Issue of Equity Shares under employee stock option schemes***

As on the date of this Prospectus, our Bank has not made any issuance of Equity Shares under any employee stock option scheme.

7. ***Issue of Equity Shares at a price lower than the Offer Price***

Except as disclosed below, our Bank has not issued any Equity Shares in the last one year immediately preceding the date of this Prospectus at a price which may be lower than the Offer Price:

Date of allotment / Transfer	Nature of acquisition / transfer	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)**
July 22, 2021	Bonus issue in the ratio of 0.75 Equity Share for every 1 Equity Share held in the Bank	33,434,993*	N.A.	10	Nil	42.86	40.18%

* *One Equity Share allotted each to the six nominee shareholders of our Promoter viz., Rishi Gupta, Rajeev Arora, Vipr Raj Bharadwaj, Ashish Ahuja, Shailesh Pandey and Amit Kumar Jain.*

** *Subject to finalisation of Basis of Allotment*

8. ***Non-Convertible Debentures***

Our Bank has not issued any non-convertible debenture since its incorporation.

2. **History of the Equity Share capital held by our Promoter**

Our Promoter, Fino PayTech Limited, along with its nominees, holds 78,014,996 Equity Shares, constituting 100% of the issued, subscribed and paid-up Equity Share capital of our Bank.

The details regarding the equity shareholding of our Promoter, since incorporation of our Bank, are set forth in the table below:

1. ***Build-up of our Promoter's shareholding in our Bank***

Date of allotment / Transfer	Nature of acquisition / transfer	No. of Equity Shares	Nature of consideration	Face value per equity share (₹)	Issue / purchase price per equity share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)**
January 10, 2017	Transfer from Fino Trusteeship Services Ltd.	9,994	Cash	10	10	0.01	0.01
January 10, 2017	Rights issue in the ratio of 2971 Equity Shares for every 1 Equity Share held in the Bank	29,710,000	Cash	10	101	38.08	35.70
June 27, 2017	Rights issue in the ratio of 1 Equity Share for every 2 Equity Shares held in the Bank	14,859,997	Cash	10	101	19.05	17.86
July 22, 2021	Bonus issue in the ratio of 0.75 Equity Share for every 1 Equity Share held in the Bank	33,434,993	N.A.	10	Nil	42.86	40.18
Total		**78,014,984***				**100.00**	

* *Additionally, two Equity Shares are held by each of the six nominee shareholders of our Promoter viz., Rishi Gupta, Rajeev Arora, Vipr Raj Bharadwaj, Ashish Ahuja, Shailesh Pandey and Amit Kumar Jain.*

*** Subject to finalisation of Basis of Allotment*

All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition of such Equity Shares, as the case may be.

2. ***Equity shareholding of our Promoter, directors of our Promoter and our Promoter Group***

Our Promoter, along with its nominees holds 78,014,996 Equity Shares, constituting 100% of the issued, subscribed and paid-up Equity Share capital of our Bank.

None of the directors of our Promoter hold any Equity Shares.

Other than our Promoter (including through its nominees,) members of our Promoter Group do not hold any Equity Shares.

3. ***Details of Promoter's contribution and lock-in***

Pursuant to Regulation 14(1) and Regulation 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post Offer Equity Share capital of our Bank held by our Promoter shall be considered as minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Promoter's Contribution**").

Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum Promoter's contribution are set forth in the table below:

Date of allotment / Transfer	Date on which the Equity Shares were made fully paid-up	Nature of the allotment	Face value per equity share (₹)	Issue/ Acquisition price per Equity Share (₹)	No. of Equity Shares locked- in	Percentage of the fully diluted pre- Offer paid-up capital (%)	Percentage of the fully diluted post Offer paid-up capital (%)
January 10, 2017	January 10, 2017	Transfer	10	10	9,994	0.01	0.01
January 10, 2017	January 10, 2017	Rights issue in the ratio of 2,971 Equity Shares for every 1 Equity share held in the Bank	10	101	1,66,32,867	21.32	19.99
Total					**1,66,42,861**	**21.33**	**20.00**

Our Promoter has given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Bank as the Promoter's Contribution.

The minimum Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from the person defined as 'promoter' under the SEBI ICDR Regulations. Our Bank undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

i. The Equity Shares offered for Promoter's Contribution do not include Equity Shares acquired or resulting in the three immediately preceding years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets; (b) from bonus issue by utilization of revaluation reserves or unrealised profits of our Bank or resulted from bonus issue against Equity Shares which are otherwise ineligible for computation of promoter's contribution;

ii. The promoter's contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

iii. Our Bank has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm; and

iv. The Equity Shares held by our Promoter and offered for promoter's contribution are not subject to any pledge.

3. **Other Lock-in requirements**

(a) In addition to the 20% of the post-Offer shareholding of our Promoter in our Bank which will be locked in for three years as specified above, pursuant to Regulations 16(b) and 17 of the SEBI ICDR Regulations the entire pre-Offer Equity Share capital of our Bank will be locked in for a period of one year from the date of Allotment, except for (a) Equity Shares Allotted pursuant to the Offer for Sale, (b) any Equity Shares held by the eligible employees (whether currently employees or not and including legal heirs or nominees of any deceased employees or ex-employees) of our Bank which have been allotted to them or which will be allotted to them under ESOP 2020, prior to the Offer, and (c) any Equity Share held by a VCF or Category I AIR or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least one year from the date of purchase by such shareholders. Further, any unsold portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations. For details, see "*Offer Procedure*" beginning on page 304.

(b) Pursuant to Regulation 22 of the SEBI ICDR Regulations, (a) the Equity Shares held by the promoter, which are locked-in may be transferred to another promoter or any member of the Promoter Group or to any new promoter of our Bank; and (b) the Equity Shares held by persons other than the promoter and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to, in each instance, the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

Our Promoter has agreed not to sell, transfer, create a lien or pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of filing of the Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(c) Pursuant to Regulation 21(a) of the SEBI ICDR Regulations, the Equity Shares held by our Promoter, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, Systemically Important NBFCs or housing finance companies as collateral security for loans granted by such entities, provided that such loans have been granted to our Bank for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

(d) Pursuant to Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by our Promoter which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks, public financial institutions, Systemically Important NBFCs or housing finance companies as collateral security for loans if pledge of the Equity Shares is one of the terms of the sanction of such loans.

However, such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has expired.

(e) Any Equity Shares allotted to Anchor Investors pursuant to the Offer under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(f) As required under Regulation 20 of the SEBI ICDR Regulations, our Bank shall ensure that details of the Equity Shares locked-in are recorded by the relevant depository.

4. **Regulatory lock-in of Promoter shareholding**

Pursuant to the Payments Bank Licensing Guidelines, our Promoter's minimum initial contribution to the paid -up Equity Share capital of our Bank is required to be at least 40% and locked in for a period of five years from the date of commencement of business (being, June 30, 2017). Our Promoter's contribution is required to be diluted thereafter, in accordance with the Payments Bank Licensing Guidelines as described in "*Key Regulations and Policies*" beginning on page 150.

5. **Our shareholding pattern**

Set forth below is the shareholding pattern of our Bank as on the date of this Prospectus.

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid up Equity Shares held (V)	No. of Equity Shares underlying depository receipts (VI)	Total No. Equity Shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)			No. of Equity Shares underlying outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+ (X) as a % of (A+B+C2))	Number of locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No. of voting rights (X)		Total as a % of total voting rights			No . (a)	As a % of total Equity Share s held (b)	No . (a)	% of total Equity Share s held (b)	
								Class: Equity Shares	Total								
(A)	**Promoter & Promoter Group**	7	78,014,996^	0	0	78,014,996	100*	78,014,996	0	100	0	100	0	0	NA	NA	78,014,996
(B)	**Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	**Non Promoter-Non Public**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1)	**Shares underlying depository receipts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	**Shares held by employee trust**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	7	78,014,996^	0	0	78,014,996	100*	78,014,996	0	100	0	100	0	0	NA	NA	78,014,996

^ This includes 12 Equity Shares held by six nominees of Fino PayTech Limited.

* Pursuant to the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, no shareholder can exercise voting rights in excess of 26% of the total share capital of a bank.

6. As on the date of this Prospectus, our Bank has seven Shareholders.

7. None of the BRLMs or their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares in the Bank.

8. Neither our Bank nor any of our Directors have entered into any buy-back arrangements for purchase of Equity Shares from any person. Further, the Book Running Lead Managers have not made any buy-back arrangements for purchase of Equity Shares from any person.

9. All Equity Shares issued pursuant to the Offer will be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Prospectus.

10. There has been no further issuance of Equity Shares whether by way of an issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.

11. For details in relation to financing arrangements, please see "*Offer Document Summary – Financing Arrangements*" on page 15.

12. Our Bank has ensured that any transactions in Equity Shares by our Promoter during the period between the date of filing the Draft Red Herring Prospectus and the date of closure of the Offer were reported to the Stock Exchanges within 24 hours of the transactions.

13. Except for the allotment of Equity Shares pursuant to the Fresh Issue and any grants of options, our Bank presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or otherwise.

14. 51,99,306* Equity Shares aggregating to ₹ 30* million (which did exceed 5% of the post-Offer equity share capital of our Bank) were reserved for allocation to Eligible Employees under the Employee Reservation Portion. Only Eligible Employees were eligible to apply in this Offer under the Employee Reservation Portion.

*Subject to finalisation of the Basis of Allotment.

15. **Shareholding of our Directors and Key Managerial Personnel in our Bank**

S. No.	Name	No. of Equity Shares	Percentage of the pre-Issue Equity Share capital (%)	Number of employee stock options outstanding	Percentage of the post-Issue of Equity Share capital (%)
1.	Amit Kumar Jain	2*	0.00	45,500	0.00
2.	Rishi Gupta	2*	0.00	175,974#	0.00
3.	Ashish Ahuja	2*	0.00	126,382	0.00
4.	Shailesh Pandey	2*	0.00	96,250	0.00

* *In their capacity as nominees on behalf of Fino PayTech Limited.*

\# *Subject to RBI approval.*

16. **Details of equity shareholding of the major Shareholders of our Bank**

1. Set forth below are details of our Shareholders holding 1% or more of the paid-up Equity Share capital of our Bank as on date of this Prospectus:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of Equity Share capital held (%)
1.	Fino PayTech Limited^	78,014,996	100
	Total		**100**

^ This includes two Equity Shares each held by six nominees of Fino PayTech Limited.

2. Set forth below are details of our Shareholders holding 1% or more of the paid-up Equity Share capital of our Bank as of 10 days prior to the date of this Prospectus:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of Equity Share capital held (%)
1.	Fino PayTech Limited^	78,014,996	100
	Total		**100**

^ This includes two Equity Shares each held by six nominees of Fino PayTech Limited.

3. Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Bank as of one year prior to the date of this Prospectus:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of Equity Share capital held (%)
1.	Fino PayTech Limited^	44,579,997	100
	Total		**100**

^ This included one Equity Share each held by six nominees of Fino PayTech Limited.

4. Set forth below are details of Shareholders holding 1% or more of the paid-up Equity Share capital of our Bank as of two years prior to the date of this Prospectus:

Sr. No.	Shareholder	Number of Equity Shares	Percentage of Equity Share capital held (%)
1.	Fino PayTech Limited^	44,579,997	100
	Total		**100**

^ This included one Equity Share each held by six nominees of Fino PayTech Limited.

17. **Employee Stock Option Plans**

Our Bank, pursuant to the resolutions passed by our Board on November 11, 2020 and our Shareholders on May 17, 2021, adopted the Fino Payments Bank Limited – Employee Stock Option Policy 2020 ("**ESOP 2020**"). The ESOP 2020 was later modified pursuant to resolution passed by our Board on July 23, 2021 and our Shareholders on July 24, 2021. The options granted under ESOP 2020 were further adjusted pursuant to the bonus issue on July 22, 2021, through a resolution passed by our Nomination and Remuneration Committee on July 26, 2021. Further, the Nomination and Remuneration Committee approved the revised ESOP 2020 in their meeting dated October 11, 2021 and our shareholders approved the revised ESOP 2020 on October 12, 2021.

The objective of ESOP 2020 is to incentivize, induce, reward and motivate the employees of our Bank in order to enable them to contribute effectively towards the growth and profitability of our Bank, align the employees towards a common objective of creating value for our Bank as well as to induce them to remain in the service of our Bank.

The details of the ESOP 2020, as certified by S K Patodia & Associates, Chartered Accountants, through a certificate dated November 3, 2021, are as follows:

Particulars	Total
Options granted	1,365,412
Options vested (excluding options that have been exercised)	Nil
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	1,365,412
Options forfeited/lapsed/cancelled	Nil
Money realised by exercise of options	Nil
Total number of options in force	1,365,412

<table>
<tr><th>Particulars</th><th colspan="4">Details</th></tr>
<tr><td rowspan="3">Options granted</td><td>Fiscal 2019</td><td>Fiscal 2020</td><td>Fiscal 2021</td><td>For the period from April 1, 2021 till the date of this Prospectus</td></tr>
<tr><td>Nil</td><td>Nil</td><td>Nil</td><td>1,365,412</td></tr>
<tr><td colspan="4">Cumulative options granted as on November 3, 2021:1,365,412</td></tr>
<tr><td rowspan="3">No. of employees to whom options were granted</td><td>Fiscal 2019</td><td>Fiscal 2020</td><td>Fiscal 2021</td><td>For the period from April 1, 2021 till the date of this Prospectus</td></tr>
<tr><td>Nil</td><td>Nil</td><td>Nil</td><td>81</td></tr>
<tr><td colspan="4">Cumulative options granted as on November 3, 2021: 1,365,412</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options vested (including options that have been exercised)</td><td>Nil</td></tr>
<tr><td>Options exercised</td><td>Nil</td></tr>
<tr><td>Options forfeited/ lapsed/ cancelled</td><td>Nil</td></tr>
<tr><td>Options outstanding (including vested and unvested options)</td><td>1,365,412</td></tr>
<tr><td>Exercise price of options</td><td>342.89</td></tr>
<tr><td>Total number of Equity Shares that would arise as a result of full exercise of options granted (net of forfeited/ lapsed/ cancelled options)</td><td>1,365,412</td></tr>
<tr><td>Variation in terms of options</td><td>Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td>Nil</td></tr>
<tr><td>Total number of options in force</td><td>1,365,412</td></tr>
<tr><td>Employee wise details of options granted to</td><td></td></tr>
<tr><td>(i) KMP</td><td><table>
<tr><th>Name of key managerial personnel</th><th>Total no. of options granted</th></tr>
<tr><td>Rishi Gupta*</td><td>175,974</td></tr>
<tr><td>Ashish Ahuja</td><td>126,382</td></tr>
<tr><td>Ketan Dhirendra Merchant</td><td>106,479</td></tr>
<tr><td>Shailesh Pandey</td><td>96,250</td></tr>
<tr><td>Bharat Bhanushali</td><td>52,500</td></tr>
<tr><td>Anand Bhatia</td><td>52,500</td></tr>
<tr><td>Amit Kumar Jain</td><td>45,500</td></tr>
<tr><td>Vinod Kumar K B</td><td>45,500</td></tr>
<tr><td>Pratima Pinto Thomas</td><td>33,250</td></tr>
<tr><td>Basavraj Loni</td><td>8,750</td></tr>
<tr><td>*Subject to receipt of RBI approval</td><td></td></tr>
</table></td></tr>
<tr><td>(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td><table>
<tr><th>Name of employee</th><th>Total no. of options granted</th></tr>
<tr><td>Nil</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Bank at the time of grant</td><td><table>
<tr><th>Name of employee</th><th>Total no. of options granted</th></tr>
<tr><td>Nil</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>Fully diluted EPS on a pre-Offer basis pursuant to the issue of equity shares on exercise of options calculated in accordance with the applicable accounting standard on ‘Earnings Per Share’</td><td>0.40</td></tr>
<tr><td>Difference between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost that shall have been recognised if the Bank had used fair value of options and impact of this difference on profits and EPS of the Bank</td><td>(2.68)</td></tr>
<tr><td>Description of the pricing formula and the method and significant assumptions used during the year to estimate the fair</td><td>Discounted Cash Flow (“DCF”) method is used for determining the fair value of shares of the Bank as the DCF method is internationally accepted pricing methodology for valuation on an arms-length basis</td></tr>
</table>

Particulars	Details
values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option	
Impact on profits and EPS of the last three years if the Bank had followed the accounting policies specified in the SEBI SBEB Regulations in respect of options granted in the last three years	For Fiscal 2021: Nil For Fiscal 2020: Nil For Fiscal 2019: Nil
Intention of the key managerial personnel and whole-time directors who are holders of equity shares allotted on exercise of options granted under an employee stock option scheme or allotted under an employee stock purchase scheme, to sell their equity shares within three months after the date of listing of the equity shares in the initial public offer (aggregate number of equity shares intended to be sold by the holders of options), if any	Nil
Intention to sell Equity Shares arising out of an employee stock option scheme or allotted under an employee stock purchase scheme within three months after the date of listing, by Directors, KMPs and employees having Equity Shares issued under an employee stock option scheme or employee stock purchase scheme amounting to more than one per cent. of the issued capital (excluding outstanding warrants and conversions)	Nil

Pursuant to ESOP 2020 the Bank has issued Nil Equity Shares to Nil employees of the Bank. Further, no allotments have been made by the Bank pursuant to ESOP 2020.

The details of allotments made by the Bank pursuant to the ESOP Schemes are as set forth below:

S. No.	Date of allotment	No. of Equity Shares	Face value per Equity Share (Rs.)	Issue price per Equity Share (Rs.)	Nature of allotment	Nature consideration
Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	Nil	Nil	Nil

OBJECTS OF THE OFFER

The Offer comprises of the Fresh Issue and the Offer for Sale.

Offer for Sale

The Promoter Selling Shareholder shall be entitled to the proceeds from the Offer for Sale. Our Bank will not receive any proceeds from the Offer for Sale.

Objects of the Offer

Our Bank proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its Tier – 1 capital base to meet its future capital requirements. Further, the proceeds from the Fresh Issue will also be used towards meeting the expenses in relation to the Offer.

Additionally, our Bank expects to receive the benefits of listing the Equity Shares on the Stock Exchanges.

Net Proceeds

The details of the proceeds from the Fresh Issue are summarised in the following table:

Particulars	Estimated amount *(₹ in million)**
Gross proceeds of the Fresh Issue	3,000.00
(Less) Fresh Issue expenses	166.43
Net Proceeds	**2,833.57**

**Subject to finalisation of the Basis of Allotment*

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be utilised towards augmentation of our Bank's Tier-I capital base to meet our Bank's future capital requirements which are expected to arise out of growth in our Bank's assets, investments and to ensure compliance with regulatory requirements on capital adequacy prescribed by the RBI from time to time.

The following table indicates capital adequacy requirement met by our Bank in the past:

Fiscal Year ended	CRAR
March 31, 2018	135.36%
March 31, 2019	65.45%
March 31, 2020	60.87%
March 31, 2021	56.25%

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

The entire Net Proceeds will be deployed in Fiscal 2022 to augment our Bank's Tier-1 capital base.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹665.87 million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Statutory Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Our Bank shall bear all costs, charges, fees and expenses that are associated with and incurred in connection with the Offer, including all registration, listing, filing and qualification fees and printers, legal and accounting fees and disbursements, provided that the costs specifically relating to the Offered Shares by the Promoter Selling Shareholder (other than costs which directly accrue to our Bank) in the Offer shall be borne by the Promoter Selling Shareholder. Our Bank agrees to advance the cost and expenses of the Offer and will deduct offer related expenses form the amount received from 'Offer for Sale' for Promoter Selling Shareholder's proportion of such costs and expenses only upon the successful consummation of the Offer, except for such costs and expenses in relation to the Offer directly attributable to the Promoter Selling Shareholder, including the fees and expenses in relation to the legal counsel to the Promoter Selling Shareholder, which are paid for directly by the Promoter Selling Shareholder. Subject to the aforesaid, in the event that the Offer is withdrawn or abandoned or not completed for any reason whatsoever, all the Offer related expenses will be borne by our Bank.

The estimated Offer related expenses are as under:

Activity	Estimated expenses[(1)] (₹ in million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission payable to members of the syndicate)	351.69	52.82%	2.93%
Commission/processing fee for SCSBs[(1)] and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs using UPI	11.42	1.72%	0.10%
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs [(3)(4)]	10.49	1.58%	0.09%
Fees payable to the Registrar to the Offer	0.55	0.08%	0.00%
Fees payable to legal counsel	65.26	9.80%	0.54%
Others		0.00%	0.00%
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	46.37	6.96%	0.39%
- Printing and stationery	18.06	2.71%	0.15%
- Advertising and marketing expenses	82.28	12.36%	0.69%
- Miscellaneous	79.73	11.97%	0.66%
Total estimated Offer expenses	**665.87**	**100.00%**	**5.55%**

(1) *Selling commission payable to the SCSBs on the portion for RIBs and Non-Institutional Bidders which are directly procured and uploaded by the SCSBs, would be as follows:*

*Portion for RIBs**	*0.35% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*0.20% of the Amount Allotted (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

(2) *No processing fees shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.*

Processing fees payable to the SCSBs on the portion for Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

*Portion for Non-Institutional Bidders**	*₹ 10 per valid application (plus applicable taxes)*

(3) *Selling commission on the portion for RIBs (using the UPI mechanism), Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:*

Portion for RIBs	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.20%of the Amount Allotted* (plus applicable taxes)*

* *Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

Uploading Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the applications made by RIBs using 3-in-1 accounts and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in-1 accounts, would be as follows: ₹ 10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.

The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Selling commission/ uploading charges payable to the Registered Brokers on the portion for RIBs procured through UPI Mechanism and Non Institutional Bidders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:

*Portion for RIBs**	*₹ 10 per valid application (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*₹ 10 per valid application (plus applicable taxes)*

* *Based on valid applications*

Uploading charges/ Processing fees for applications made by RIBs using the UPI Mechanism would be as under:

Members of the Syndicate / RTAs / CDPs	*₹ 30 per valid application (plus applicable taxes)*
Sponsor Bank	*₹ 8 per valid application (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws*

The processing fees for applications made by RIBs using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement.

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds. Accordingly, our Bank confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable accruals as required under the SEBI ICDR Regulations.

Interim use of Net Proceeds

The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Bank. Post receipt of the listing and trading approvals from the Stock Exchanges, the Net Proceeds will be applied by our Bank towards meeting its capital requirements in accordance with the objects stated herein.

In accordance with Section 27 of the Companies Act, 2013, our Bank confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in the equity shares of any other listed company or for any investment in equity markets.

Bridge Financing Facilities

Our Bank has not raised any bridge loans from any bank or financial institution, as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any bank/ financial institution.

Monitoring of Utilisation of Funds

In terms of the proviso to Regulation 41(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Offer. To the extent applicable, our Bank will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Our Bank will indicate investments, if any, of unutilised Net Proceeds in the balance sheet of our Bank for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulations 18(3) and 32(3) of the Listing Regulations, the uses and applications of the Net Proceeds shall be placed before the Audit Committee at the end of the relevant quarter(s). The Audit Committee shall make recommendations to the Board for further action, if appropriate.

In the event the funds are utilised for purposes other than those stated in this Prospectus, our Bank shall, on an annual basis, prepare a statement of funds and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. The statement shall be certified by the Statutory Auditor of our Bank.

Further, in accordance with Regulation 32(1) of the Listing Regulations, our Bank shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilization of the Net Proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilization of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Directors' report, after placing the same before the Audit Committee.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act and applicable rules, our Bank shall not vary the objects of the Offer without our Bank being authorised to do so by our Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to our Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules.

The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English, one in Hindi and one in Marathi, Marathi being the vernacular language of Maharashtra where our Registered and Corporate Office is situated in accordance with the Companies Act and applicable rules. Our Promoter will be required to provide an exit opportunity to such Shareholders who do not agree with the proposal to vary the objects, at such price, and in such manner, in accordance with our AoA, and the SEBI ICDR Regulations.

Other Confirmations

Except to the extent of the proceeds pursuant to the Offer for Sale by our Promoter Shareholder, no part of the Net Proceeds will be paid by us as consideration to our Promoter, Promoter Group, the Directors and Key Managerial Personnel.

Our Bank has not entered into, and is not planning to enter into any arrangement/ agreements with the Promoter, Promoter Group, Directors, Key Managerial Personnel and Group Company in relation to the utilization of the Net Proceeds. Further, there is no existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR THE OFFER PRICE

The Price Band has been determined by our Bank and our Promoter Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 1.03 times the Floor Price and 1 time the Cap Price.

Investors should refer to "*Risk Factors*", "*Our Business*", "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 20, 125, 184 and 248, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

1. Our DTP framework
2. A technology focused business model with advanced digital platform
3. Customer centricity and innovation at the core of business
4. An asset light and scalable business model
5. Operational experience and expertise
6. Socially inclusive model with positive social impact
7. Highly experienced and committed leadership team, supported by marquee investor base in our promoter and shareholder

Quantitative Factors

Some of the information presented below relating to our Bank is derived from the Restated Financial Statements. For details, see "*Financial Statements*" on page 184.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS"):

As per Restated Financial Statements

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2021	2.62	2.62	3
March 31, 2020	(4.11)	(4.11)	2
March 31, 2019	(8.00)	(8.00)	1
Weighted Average	(1.39)	(1.39)	
Three months ended June 30, 2021 (not annualized)	0.40	0.40	

Notes:

i. Basic earnings per shares = Net profit after tax, as restated, attributable to equity shareholders / Weighted average number of basic Equity Shares outstanding during the period/years

ii. Diluted earnings per share = Net profit after tax, as restated, attributable to equity shareholders / Weighted average number of diluted Equity Shares outstanding during the period/years

iii. Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights

iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in "Financial Statements" beginning on page 184

B. Price/Earning ("P/E") ratio in relation to the Price Band of ₹ 560 to ₹577 per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Fiscal 2021	213.74	220.23
Based on diluted EPS for Fiscal 2021	213.74	220.23

C. Return on Net Worth ("RoNW")

Derived from the Restated Financial Statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2021	14.6	3

Fiscal Year ended	RoNW (%)	Weight
March 31, 2020	(21.9)	2
March 31, 2019	(32.3)	1
Weighted Average	(5.38%)	
Three months ended June 30, 2021 (not annualized)	2.1%	

Notes:
i. *The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight.*
ii. *Return on Net Worth = Net Profit, as restated, attributable to equity shareholders / Average Net Worth at the end of the period/ year*
iii. *Net worth as per restated financials (Capital and Reserves and Surplus)*
iv. *The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in "Financial Statements" beginning on page 184.*

D. Net Asset Value ("NAV") per Equity Share

Fiscal year ended/ Period ended	NAV per Equity Share (₹)
As on June 30, 2021(not annualized)	19.70
As on March 31, 2021	19.30
After the completion of the Offer	At Floor Price: 53.46
	At Cap Price: 54.52
Offer Price	577

Notes:
i. *Net asset value per equity shares = Net Worth at the end of the period/years / Total number of Equity Shares outstanding at the end of the period/years*
ii. *Net worth as per restated financials (Capital and Reserves and Surplus)*
iii. *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

E. Comparison of Accounting Ratios with Listed Industry Peers

There are no listed companies in India whose business portfolio is comparable with that of our business and comparable to our scale of operations.

F. The Offer price is 57.7 times of the face value of the Equity Shares

The Offer Price of ₹577 has been determined by our Bank and the Promoter Selling Shareholder, in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" beginning on pages 20, 125, 248 and 184, respectively, to have a more informed view. The trading price of our Equity Shares could decline due to the factors mentioned in "*Risk Factors*" on page 20 and you may lose all or part of your investments.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors
Fino Payments Bank Limited,
Mindspace Juinagar,
Plot No Gen 2/1/F, Tower 1, 8th floor,
TTC Industrial Area, MIDC Shirwane,
Navi Mumbai 400706

Dear Sirs,

Sub: Statement of Possible Special Tax benefits available to Fino Payments Bank Limited and its shareholders prepared in accordance with the requirements under Schedule VI -(Part A)-(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations")

1. We, MSKC & Associates (Formerly known as R.K. Kumar & Co.) ("the Firm"), Chartered Accountants, the statutory auditors of Fino Payments Bank Limited (the "Bank"), hereby confirm that the enclosed Statement prepared and issued by the Bank, which provides the possible special tax benefits available to the Bank and its shareholders under direct and indirect tax laws presently in force in India, namely the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975, in each case, as amended, (collectively the "Taxation Laws"), the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2022-2023 relevant to the financial year 2021-2022. Several of these benefits are dependent on the Bank and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the relevant statues. Hence, the ability of the Bank or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Bank and its shareholders face in the future, the Bank and its shareholders may or may not choose to fulfil.

2. This statement of possible special tax benefits is in accordance with Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('SEBI ICDR Regulations'). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Bank, the same would include those benefits as enumerated in this statement. Any benefits under the Taxation Laws other than those as specified in this statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in this statement, have not been examined and covered by this statement.

3. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

4. The benefits discussed in the enclosed Annexure cover the possible special tax benefits available to the Bank and the Shareholders and do not cover any general tax benefits available to them.

5. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

6. The benefits discussed in the enclosed Statement are not exhaustive and the preparation of the contents stated is the responsibility of the Bank's Management. We are informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this Statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Bank or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

7. We do not express any opinion or provide any assurance whether:

   - The Bank and its shareholders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/would be met;
   - The revenue authorities/courts will concur with the views expressed herein.

8. The contents of the enclosed Statement are based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank. We have relied upon the information and documents of the Bank being true, correct and complete and have not audited or tested them. Our view,

under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Bank.

9. This Statement is addressed to Board of Directors and issued at specific request of the Bank. The enclosed Statement is intended solely for your information and for inclusion in the red herring prospectus, prospectus and any other material in connection with the proposed initial public offering of equity shares of the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Padmashree Crasto
Partner
Membership Number: 117156
UDIN: 21117156AAAAAL8672

Mumbai
October 21, 2021

Annexure

Statement of Special Tax Benefits

SPECIAL TAX BENFITS TO THE BANK

UNDER THE INCOME TAX LAWS

Possible special tax benefits available under the Income Tax Act, 1961 (the Act):

As per the provisions of Section 8oJJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

UNDER THE INDIRECT TAX LAWS

No special tax benefits available to the Bank,

SPECIAL TAX BENFITS TO SHAREHOLDERS OF THE BANK

There are no special direct and indirect tax benefits available to the shareholders of the Bank.

Notes:

1) The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of a potential tax consequence of the purchase, ownership and disposal of shares.

2) The above Statement covers only relevant direct and indirect special tax benefits and does not cover any benefit under any other law.

3) The above Statement of possible special tax benefits is as per the current direct and indirect tax laws relevant for the period ended 30th June 2021. Several of these benefits are dependent on the Bank fulfilling the conditions prescribed under the relevant tax laws.

4) This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. ln view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Bank.

5) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on behalf of Fino Payments Bank Limited

Authorized Signatory

Date: October 21, 2021
Place: Mumbai

SECTION IV: ABOUT OUR BANK

INDUSTRY OVERVIEW

The information contained in this section, unless otherwise specified, is derived from a report titled "Digitalisation of financial services, payments and remittances market in India" dated October 2021 prepared by CRISIL Limited (the "CRISIL"), and commissioned and paid for by us for the purposes of understanding the industry in connection with the Offer. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. See "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data" on page 16.

Retail spending in India

Projected to touch ₹ 91 trillion by financial year 2025; smaller stores and organised retail to co-exist

Payments banks and fintechs have been increasing their presence and reach by increasing touch points through retails outlets which have a widespread presence in India. In India, the private final consumption expenditure (PFCE) was 58% of GDP in financial year 2021 at ₹ 116 trillion and India's retail spending on goods was at ~50% of its private consumption.

India's consumption trend (₹ trillion)

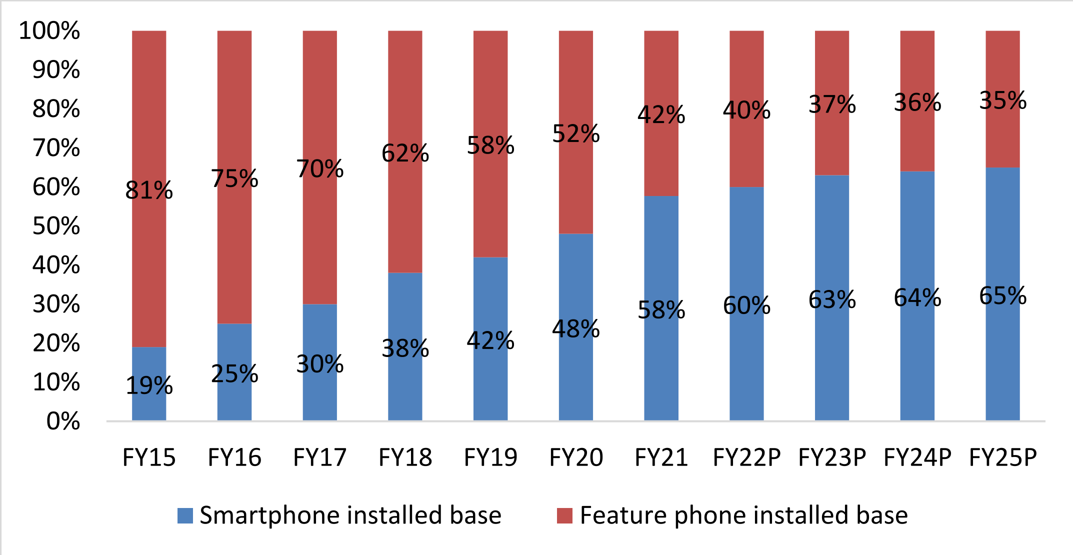
Source: RBI, CRISIL Research

For large swathes of the Indian population, particularly lower middle class customers and customers in the semi urban and rural areas, small mom and pop stores remain the primary outlet for retail spending. There are about 12 million mom and pop (kirana) stores spread throughout the country, which are estimated to account for almost 90% of the FMCG sales in the country. These merchants provide a huge potential for payment banks and fintechs to grow.

Digitisation: Catalyst for the next growth cycle

Mobile and internet penetration: Higher mobile penetration, improved connectivity and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

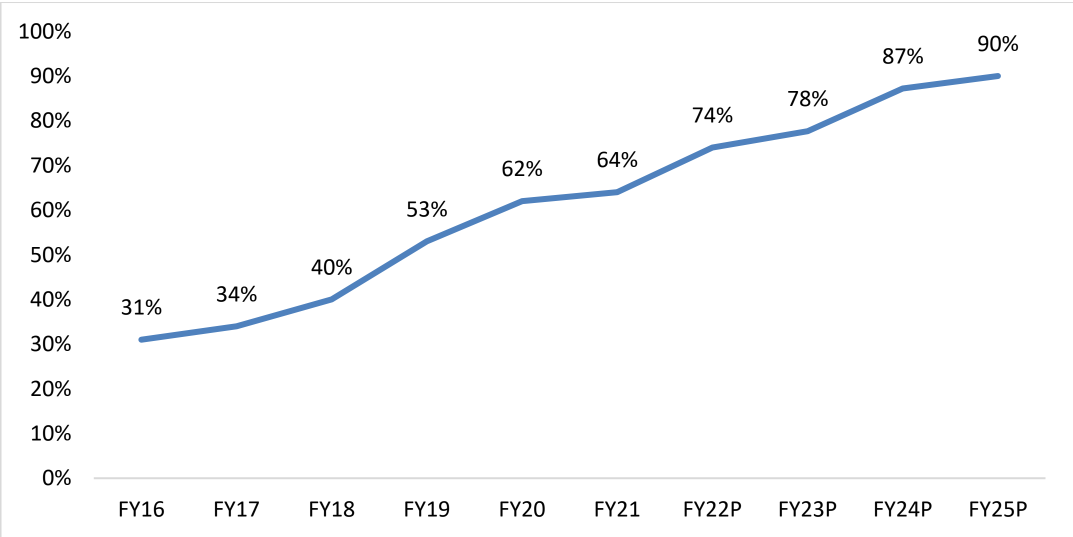
Data-savvy and younger users to drive adoption of smartphones



Note: P: Projected

Source: CRISIL Research

Data subscribers as a proportion of wireless subscribers to increase significantly through FY25



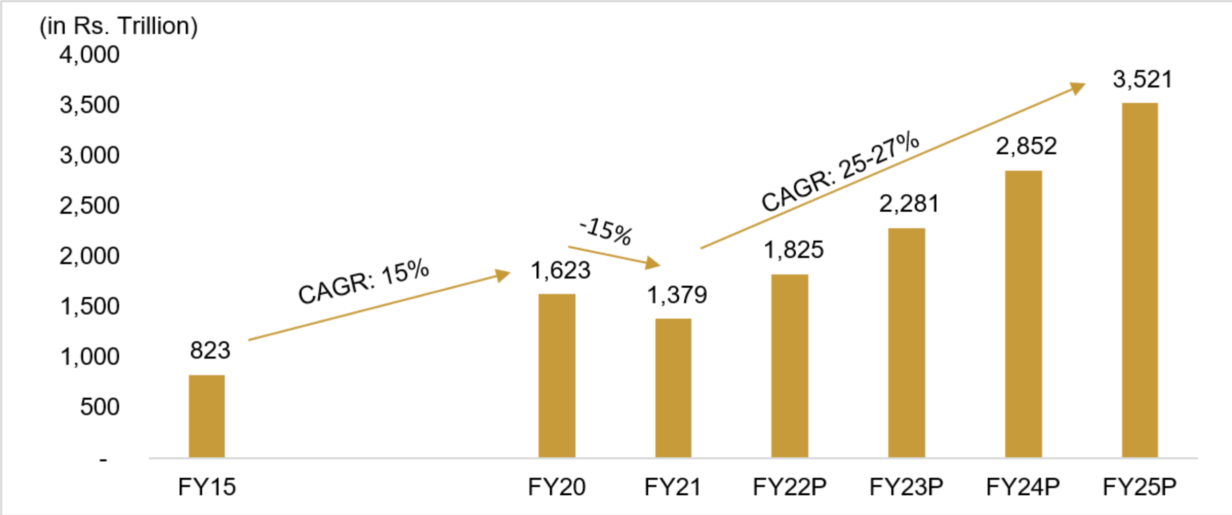
Note: E: Estimated, P: Projected

Source: Telecom Regulatory Authority of India (TRAI), CRISIL Research

Retail digital payments forecast to grow at 25-27% CAGR during FY21 to FY25

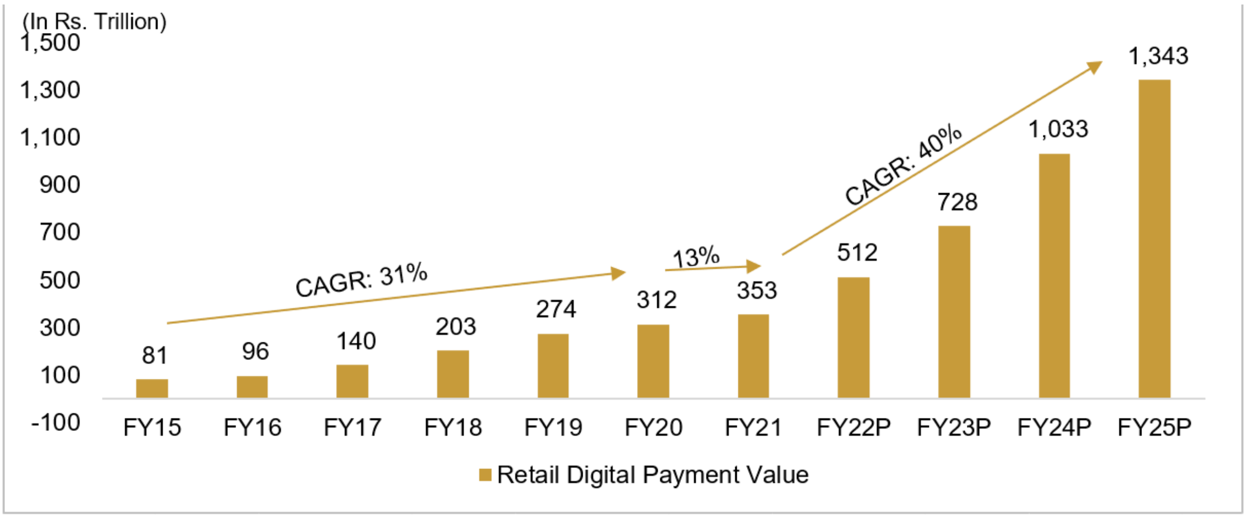
CRISIL Research forecasts the digital payments value in India to reach ₹ 3,500 trillion in financial year 2025 from ₹ 1,379 trillion in FY21, translating into CAGR of 25-27% between financial year FY21 and FY25. The growth in the digital transaction can be attributed to rise in smart phones and mobile internet adoption, convenience offered by digital payments, and ubiquitous availability of payment solutions.

Digital payments value to cross ₹ 3,500 trillion by FY25



Note: Digital transactions includes Retail Electronic Clearing, PPIs, RTGS – excluding interbank clearing, ECS, NEFT, IMPS, UPI, Mobile Banking, NACH & card transactions at ATMs, P: Projected
Source: RBI, CRISIL Research

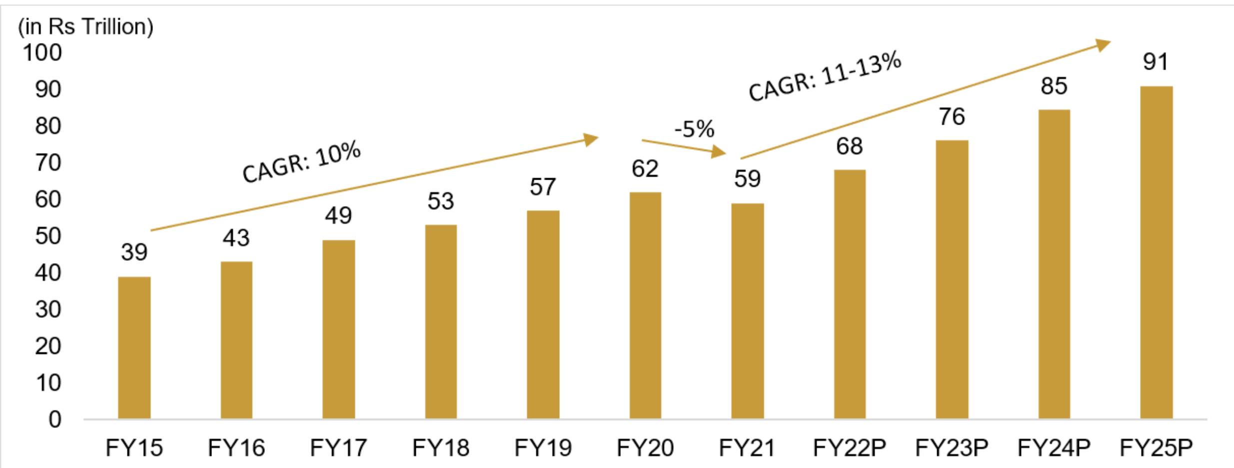
***Retail digital payments value to quadruple; to reach ₹ 1,343 trillion* by financial year 2025**



Note: Retail digital payments include all digital payments except RTGS and Paper Clearing
Source: RBI, CRISIL Research

Enablers for growth in digital transactions

Overall retail spending to grow at ~11-13% CAGR between financial year 2021 and financial year 2025



Note: E: Estimated, P: Projected
Source: CRISIL Research

Ecommerce spending to drive digital transactions

The Indian e-commerce sector has had a phenomenal run in the recent past. The sector has managed to attract consumers and has grown at a ~35% CAGR from ₹ 0.38 trillion financial year 2015 to ₹ 1.72 trillion in financial year 2020 on the back of rising internet penetration, increasing awareness of online shopping, penetration into tier 2 and tier 3 with the help of assisted model (where e-commerce firms tie up with merchants to cater customers) and lucrative deals offered by well-established players and start-ups.

Increase in cards and POS terminal to augment digital transactions

Over the last decade, the usage of debit and credit cards in India has increased substantially. Between financial year 2011 and 2021, the number of debit cards issued in the country has increased from 230 million to 898 million, while issued credit cards has increased from 20 million to 62 million. As more cards are getting issued, there has been a growth in the acceptance infrastructure as well. As of March 2020, the POS infrastructure in the country has more than doubled over the past 5 years to reach 4.4 million terminals, which further increased to 4.7 million terminals at the end of financial year 2021. CRISIL expects this trend to continue, resulting in an increase in digital transactions.

Low penetration of per-capita digital payments transactions

According to Bank of International Settlements (CY 2019), non-cash payments transactions volume per capita in India is the lowest compared to other countries; which presents a strong headroom for growth. The government has taken multiple initiatives to give a fillip to digitalisation in the country. This includes biometric identification of all Indian citizens through the Aadhaar programme, financial inclusion initiatives, launch of UPII and other digital payment systems and giving a push to online tax filings.

Payments Bank by RBI

In 2015, the Reserve Bank of India laid down the framework and licensed ‘vertically differentiated banking systems’, such as Payments Bank (PBs) and Small Finance Banks (SFBs) with the objective of extending the reach and availability of financial services to hitherto unserved or underserved sections of the society.

RBI granted in-principle approval to 11 players to launch payment banks. Three players subsequently withdrew their application. Of the remaining eight, seven institutions – India Post Payments Bank Ltd, Airtel Payments Bank Ltd, PayTM Payments Bank Ltd, Fino Payments Bank, Aditya Birla Idea Payments Bank Ltd, NSDL Payments Bank and Jio Payments Bank had commenced operations. The objective of a payments bank is to provide a small-savings account facility, and payment and remittance services to the migrant labour force, low-income households, small businesses and other unorganised sector entities.

Financial inclusion

According to the World Bank’s Global Findex Database 2017, the global average of adult population with an account (with a bank, financial institution, or mobile money providers) was ~69% in 2017. India’s financial inclusion has improved significantly between 2014 and 2017, with the adult population with bank accounts rising from 53% (as per Global Findex Database 2014) to 80% in 2017 with concerted efforts by the government to promote financial inclusion and the proliferation of supporting institutions. See “– *Key structural reforms: Long-term positives for the Indian economy – Financial inclusion*” below on page 88.

Fintech industry in India

Fintechs today are on top of the mind of traditional financial institutions as they watch traditional business models change, and increasingly deliberate whether to collaborate or compete with fintech. Digital payments landscape has the highest number of fintechs in India and now other financial segments like lending, insurance, wealth are also attracting fintechs.

Players using digital medium across different financial segments

Financial segments	Business segments	Examples of such players present in the segment
Payments	Payment banks Payment aggregators P2P Payment solutions Prepaid payment instruments	Fino Payments Bank, Pine labs, PayTM, Razorpay, BillDesk, MSwipe, PayNearby, PhonePe, GooglePay, Mobikwik, PayU
Lending	Digital lenders Intermediaries	LendingKart, Capital Float, Bankbazaar, EarlySalary, LazyPay
Wealth tech	Investment platforms Robo advisors Thematic Investing Discount brokers	Zerodha, Kuvera, FundsIndia, Upstox, Groww, PayTM Money
Insure tech	Digital Insurers Digital insurance advisors	Acko, Digit, Policy Bazaar, VahanCheck, Coverfox
Reg tech	Accounting Tax compliance	Fintellix, FixNix
Open/ Neo banking	Neo banking platforms	Niyo, Open, Jupiter

In India, growth of fintech has been driven by a confluence of factors:

***Favourable demographics* –** India has a population of close to 500 million Generation Z or Gen Zers– defined as those born after 2001. increasing technology adoption by the millennials (Generation Y), who also form a major proportion of the population, will also drive the growth of technology-oriented platforms and fintechs in India.

Rising Internet penetration – The wireless internet subscriber base has grown at a CAGR of 20% from 300 mn in financial year 2015 to touch 720 mn in financial year 2020. The wireless internet subscriber base is estimated to be 772 million as of financial year 2021. CRISIL expects over 900 million subscribers to be using the mobile internet by financial year 2025 due to the ubiquitous availability of high-speed internet services and increasing affordability of services and handsets.

***Availability of low cost infrastructure* –** Payment service providers such as NPCI, Mastercard and Visa and other infrastructure providers such as mobile phone manufacturers and internet service providers have been continuously working towards lowering the cost of digital infrastructure. This has helped support fintech solutions.

Changing customer expectations: With rising incomes and awareness, and development of technology, consumer behaviour and expectations are changing rapidly. Consumers, used to an instant experience, whether for making purchases (through e-commerce websites) or for travelling (through cab hiring firms), are demanding a superior experience from other service providers such as lenders as well – paperless, faster, seamless and convenient.

***Availability of huge amount of data and related intelligence* –** Increased use of smartphones coupled with rising internet penetration, use of wearables, telematics, Internet of Things (IoT) and other connected devices is helping players to capture customer data from alternate sources and build social and psychological profiles of customers, thereby enabling accurate and faster decision making. Using big data analytics, AI and ML, technologies, firms can process the data more efficiently and provide personalized offerings to customers.

Key government initiatives – One of the key initiatives by RBI has been the launch of United Payment Interface (UPI), bringing multiple payments service providers on to a single platform and enabling swift payment. IndiaStack has lowered the cost of consumer on-boarding and transactions significantly.

Key technologies shaping fintech

Technological developments and continuous progress in the maturity of technologies has helped shape up the fintech market. Application Programming Interface (API) standards, for instance, have enabled different pieces of software from different financial players to interact and exchange data in a secure environment, enabling comparisons and more competition. APIs are the main reason that startups are able to build their products faster.

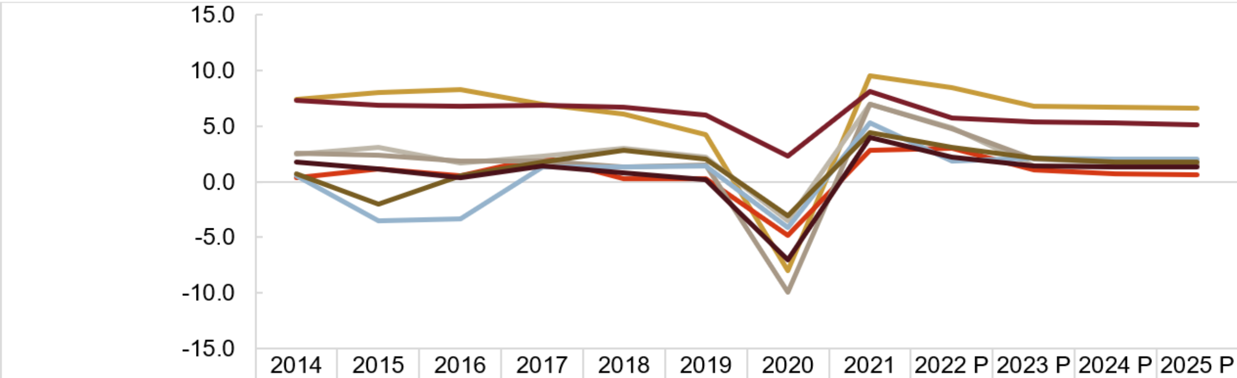
Going forward, India presents a huge opportunity for growth of fintechs owing to high potential in the underpenetrated customer segments. To attract mid-to-low-income customers and the rural population, there is a need to develop tailor-made solutions and adequate use-cases by overcoming challenges posed by low literacy, lack of trust, low awareness and behavioural factors. Given the improvement in support infrastructure (electricity and internet connectivity and IndiaStack), this segment provides huge potential to grow.

Macroeconomic Overview

COVID-19 pandemic impacts world and Indian economy; bounce back expected in financial year 2022

India was one of the fastest growing economies in the world pre-COVID, with annual growth of around 6.7% in between calendar year 2014 to 2019. Along with being one of the fastest growing economies in the world, India ranked fifth in the world in terms of nominal GDP in calendar year 2020. In terms of purchasing power parity, India is the third largest economy in the world, behind China and the United States.

India is one of the fastest-growing major economies (GDP growth, % year-on-year)



	2014	2015	2016	2017	2018	2019	2020	2021	2022 P	2023 P	2024 P	2025 P
India	7.4	8.0	8.3	7.0	6.1	4.2	-8.0	9.5	8.5	6.8	6.7	6.6
China	7.3	6.9	6.8	6.9	6.7	6.0	2.3	8.1	5.7	5.4	5.3	5.1
Japan	0.4	1.2	0.5	2.2	0.3	0.3	-4.8	2.8	3.0	1.1	0.7	0.6
United states	2.5	3.1	1.7	2.3	3.0	2.2	-3.5	7.0	4.9	1.4	1.5	1.6
United kingdom	2.6	2.4	1.9	1.9	1.3	1.5	-9.9	7.0	4.8	2.0	1.8	1.5
Brazil	0.5	-3.5	-3.3	1.3	1.3	1.4	-4.1	5.3	1.9	2.1	2.0	2.0
Russia	0.7	-2.0	0.5	1.8	2.8	2.0	-3.1	4.4	3.1	2.1	1.8	1.8
South Africa	1.8	1.2	0.4	1.4	0.8	0.2	-7.0	4.0	2.2	1.4	1.3	1.3

Note: GDP growth is based on constant prices, data represented is for calendar years, P: Projected
Source: IMF (World Economic Outlook - April 2021 update), CRISIL Research

While economic growth in 2020 has been dented due to COVID-19, CRISIL expects the economy to rebound and India to regain its tag of one of the fastest growing economies globally in the medium-term. According to CRISIL the Indian economy shrank by 7.3% in financial year 2021 on account of the pandemic. After sluggish growth in first half of the financial year owing to rising COVID-19 cases, gross domestic product (GDP) growth moved into positive territory in the second half of the year with economic activity picking up gradually.

CRISIL forecasts India's GDP to grow by 9.5% in financial year 2022 assuming 70% of the adult Indian population are vaccinated by December 2021.

Macroeconomic outlook for financial year 2022

Macro variables	FY20	FY21P	FY22P	Rationale for outlook
GDP (y-o-y)	4.0%	-7.3%	9.5%*	The second wave and the resultant localised lockdowns has impeded the path to economic recovery, leading CRISIL to revise down the growth forecast for financial year 2022 to 9.5%, from 11.0% earlier. CRISIL expects pick-up in economic activity postvaccination and support from global growth would act as positives.
Consumer price index (CPI) inflation (y-o-y)	4.8%	6.2%	5.3%	Upside risks on inflation are growing from surging international commodity prices. While producers are bearing a greater burden of rising input costs for now, these could get passed to retail prices once demand recovers. Food inflation could also face pressure from disruptions to the rural economy due to the pandemic's spread, and rising global prices

* *Downward bias*
Note: P – Projected
Source: Reserve Bank of India (RBI), National Statistics Office (NSO), CRISIL Research

Financial services sector in India

Among services, the financial sector is growing with increasing presence and size of the banking industry leading to higher banking penetration in the country.

In 2015, the Reserve Bank of India laid down the framework and licensed 'vertically differentiated banking systems', such as Payments Banks and SFBs with the objective of extending the reach and availability of financial services to hitherto unserved or underserved sections of society.

SFB licences were initially granted to 10 institutions (11 institutions as of March 2021) with the aim to service the underserved through savings instruments, and supplying credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sectors. RBI also granted in-principle approval to 11 players to launch payment banks. Three players subsequently withdrew their application. Of the remaining eight, seven institutions – India Post Payments Bank Ltd, Airtel Payments Bank Ltd, PayTM Payments Bank Ltd, Fino Payments Bank, Aditya Birla Idea Payments Bank Ltd, NSDL Payments Bank and Jio Payments Bank – had commenced operations. The objective of a payments bank is to provide a small-savings account facility, and payment and remittance services to the migrant labour force, low-income households, small businesses and other unorganised sector entities.

As of March 2020, all banks and NBFCs in India cumulatively had deposits of ₹ 147 trillion and outstanding loans of ₹ 137 trillion, translating into a 10-year CAGR of 11% in deposits and 13% in credit.

Retail spending in India is projected to reach ₹ 91 trillion by financial year 2025; smaller stores and organised retail to co-exist

Payments banks and fintechs have been increasing their presence and reach by increasing touchpoints through retails outlets which have a widespread presence in India. In India, the private final consumption expenditure was 58% of GDP, or ₹116 trillion, in financial year 2021 and India's retail spending on goods was approximately 50% of its private consumption.

For large swathes of the Indian population, particularly lower middle class customers and customers in the semi urban and rural areas, small "mom-and-pop" (kirana) stores remain the primary outlet for retail spending.

There are about 12 million such stores spread throughout the country, which are estimated to account for almost 90% of the fast moving consumer goods sales in the country. These merchants provide a huge potential market for payment banks and fintechs to grow.

Key growth drivers

India has world's second largest population

India's population was ~1.2 billion, and comprised nearly 245 million households. The population, which grew nearly 18% between 2001 and 2011, is expected to increase about 11% between 2011 and 2021, to 1.4 billion. The population is expected to reach 1.5 billion by 2031 and number of households are expected to reach ~376 million over the same period.

Favourable demographics

As of 2020, India has one of the largest young populations in the world, with a median age of 28 years. About 90% of Indians will still be below the age of 60 by calendar 2021. CRISIL forecasts that 63% of them will be between 15 and 59 years. In comparison, in calendar year 2020, the United States (US), China and Brazil had 77%, 83% and 86%, respectively, of their populations below the age of 60.

Increasing per capita GDP

Per capita income is estimated to have contracted by 8.0% in financial year 2021 compared with growth of ~2.9% in the preceding financial year. CRISIL forecasts that the per capita income will gradually improve with a pick-up in GDP growth and sustained low inflation. This will be an enabler for domestic consumption. As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.2% CAGR from financial years 2021-25.

Rising Middle India population to propel economic growth

An estimated 83% of households in India had an annual income of less than ₹ 0.2 million in financial year 2012. This proportion reduced to 76% in financial year 2017 and is estimated to touch 65% in financial year 2022, with continuous increase in the GDP and household incomes.

CRISIL estimates that there were 41 million households in India in the Middle India category (defined as households with annual income of between ₹ 0.2 to 1 million) as of financial year 2012, and by financial year 2022, they are estimated to increase to 103 million households, on the back of rising disposable incomes, translating into a CAGR of 10% over this time period. A large number of these households are likely to be from semi-urban and rural areas.

In addition, consistent improvement in the literacy levels, increasing access to information and awareness, increase in the availability of basic necessities such as electricity, cooking gas, toilets and improvement in road infrastructure has led to an increase in aspirations of Middle India, which is likely to translate into increased opportunities for consumer goods makers as well as financial service providers.

Financial penetration to rise with increase in awareness of financial products

Overall literacy in India is at 77.7% according to the results of the National Sample Survey Office's survey conducted in 2018 (74.0% in 2011) which is still below the world literacy rate of 86.5%.

With more people attached to the formal banking sector, the demand for financial products in smaller cities has seen a major increase in recent years. Going forward, CRISIL expects financial penetration to increase on account of increasing financial literacy.

Digitisation aided by technology to play pivotal role in growth of economy

India has seen a tremendous rise in fintech adoption in the past few years and has the highest fintech adoption rate globally of 87% which is significantly higher than the global average rate of 64% (Source: InvestIndia). Among many initiatives by the Indian Government, the Unified Payments Interface (UPI) is playing a pivotal role towards financial inclusion. The volume of digital transactions has also seen a surge in the past few years, driven by increased adoption of UPI.

Rural economy

Rural economy is becoming structurally far more resilient …

At a time when the Indian economy has been severely impacted by the COVID-19 pandemic, the rural economy has been a signal of hope.

… and has been relatively less impacted by COVID-19

Rural economy contributes to 51% of India’s manufacturing GDP, but the rural share in services GDP (excluding public administration, defence and utilities) is much lower at around 26%. With contact-based services being impacted more compared to manufacturing post COVID-19, rural India’s relatively higher dependence on both manufacturing and agriculture has helped partly buttress the impact of COVID.

Key structural reforms: Long-term positives for the Indian economy

Financial inclusion

According to the World Bank’s Global Findex Database 2017, the global average of adult population with an account (with a bank, financial institution, or mobile money providers) was ~69% in 2017. India’s financial inclusion has improved significantly between 2014 and 2017, with the adult population with bank accounts rising from 53% (as per Global Findex Database 2014) to 80% in 2017 with concerted efforts by the government to promote financial inclusion and the proliferation of supporting institutions.

To improve financial inclusion, especially in rural areas, the government has focused on improving the overall infrastructure and in particular, rural infrastructure to ensure penetration of financial services, as well as empowering the development of parallel supporting institutions/services. This has provided an opportunity for payment banks and other financial institutions to cater to the unserved population or act as a channel between the larger financial institutions and other service providers to better serve underserved populations. Considerable progress has been made to bring unserved and underserved into the formal banking system, with the RBI and the government having taken several measures, such as Pradhan Mantri Jan Dhan Yojana (PMJDY) which was launched in August 2014 and is aimed at ensuring that every household in India has a bank account which they can access from anywhere and avail of all financial services such as savings and deposit accounts, remittances, credit and insurance affordably. As on January 31, 2020, 417.5 million PMJDY accounts had been opened, of which, 66% were in rural and semi-urban areas, with total deposits of ₹ 1,377 billion.

Other measures include Pradhan mantra Suraksha Bima Yojana (PMSBY) (launched in 2015), which offers renewable accidental death cum disability cover for certain bank account holders; Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) (launched in 2015), which offers a renewable term life cover to subscribing bank account holders; the Atal Pension Yojana (APY) (launched in 2015), creates a universal social security system for all Indians, especially the poor, the under-privileged and the workers in the unorganised sector; Pradhan Mantri Mudra Yojana (PMMY), a scheme launched in 2015 to provide loans to the non-corporate, non-farm small/micro enterprises; and the Standup India Scheme, launched in 2016 to facilitate bank loans to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise.

Digitisation: Catalyst for the next growth cycle

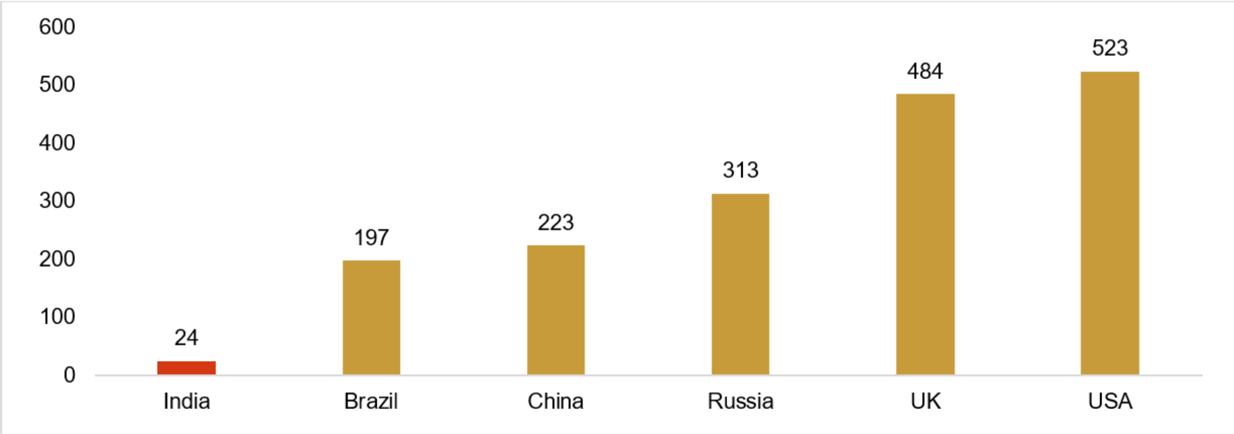
Mobile and internet penetration: Higher mobile penetration, improved connectivity and faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one.

Rise in 4G penetration and smartphone usage

The digital revolution has paved the way for digital payments. India had 1,181 million wireless subscribers as of March 31, 2021, and the number is growing at a steady pace every year. The reach of mobile network, internet and electricity is also expanding the digital payments footprint to remote areas. This is likely to increase the number of digital payment transactions.

Mobile data consumption in India has grown ~25 times in the past five financial years at a CAGR of ~90%. The proportion of data subscribers is hence expected to rise to ~90% in financial year 2025 from ~62% in financial year 2020. According to the Bank of International Settlements, digital payments and per capita transactions in India is low as compared with similar countries.

Number of non-cash payments transactions per capita, per annum (calendar year 2019)



Source: Bank of International Settlements, CRISIL Research

Consumers are increasingly finding transacting through mobile convenient and as such, CRISIL expects the share of mobile banking and prepaid payment instruments to increase dramatically over the coming years. In addition, CRISIL expects improved data connectivity, low digital payment penetration and proactive government measures to drive digitalisation in the country, transforming it into a cashless economy.

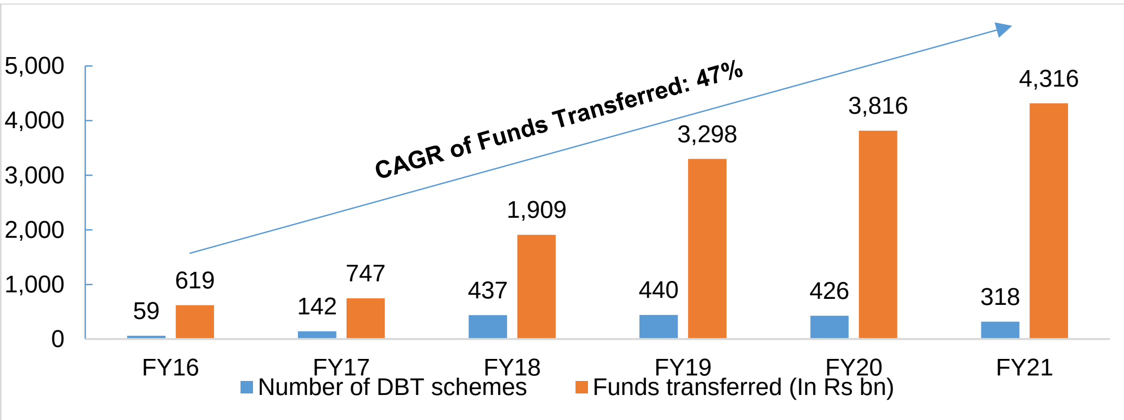
Government initiatives that have driven digital payments in India

The payments space has seen rapid innovation in the past few years, led by government and regulatory initiatives and changing consumer preferences. JAM (Jan Dhan, Aadhaar and Mobile), demonetisation of high-value currency notes in November 2016, implementation of GST and unveiling of the UPI, are some of the notable regulatory initiatives that have spurred growth in the space.

Aadhaar: Aadhaar, which literally means foundation, is a 12-digit unique identity number issued to Indians based on their biometric and demographic data. It is the world's largest biometric ID system, with over 1.2 billion enrolled members as of June 19, 2018. Over 99% of the citizens aged 18 and above are now enrolled. Data collection for Aadhaar is done by the Unique Identification Authority of India under the Ministry of Electronics and Information Technology. Application programming interfaces (APIs) have been developed using Aadhaar to launch payment systems that allow real-time transactions with just a mobile phone.

It also enables the completion of an electronic KYC (know your customer) and the download of digital signatures.

JAM Trinity: Government on its side introduced JAM Trinity (Jan Dhan, Aadhaar and Mobile) in financial year 2014 to integrate these infrastructure and digital financial inclusion. With this, the government improved its focus to provide easy access of banking facilities and enhance ability to digitize transactions. This expanded use of digital payments by the government for welfare and served as the biggest launchpad of Direct Benefit Transfer ("DBT"). The government has transferred more than ₹ 3.8 trillion in financial year 2020 through 426 schemes. As of February 2021, total amount transferred through DBT has reached ₹ 14.2 trillion.



Source: DBT, CRISIL Research

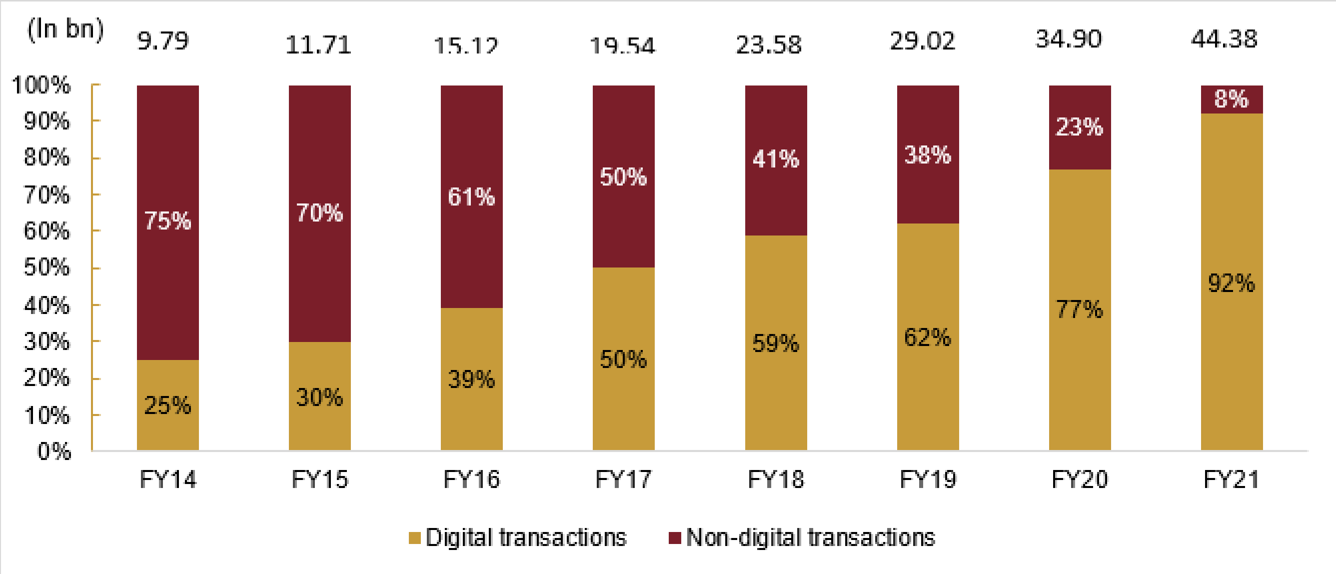
Demonetisation: On November 8, 2016, the Government of India announced the demonetisation of ₹ 500 and ₹ 1,000 notes in order to curb black money, corruption, counterfeit currency and terror funding. This has led to increase in transparency, formalisation and digitisation in the country. Customer preference has shifted from cost factors to convenience and ease of performing transactions.

UPI: A crucial contributor to the Indian digital payments market was the introduction of India's real-time payments platform, UPI. In 2016, National Payments Corporation of India (NPCI), the country's umbrella organization for payments and the central infrastructure that was created by the RBI and Indian Banks Association (IBA), introduced UPI. This collaborative effort was focused on making India a cashless economy and driving digital payment inclusion.

Increasing share of digital channels in domestic monetary transactions

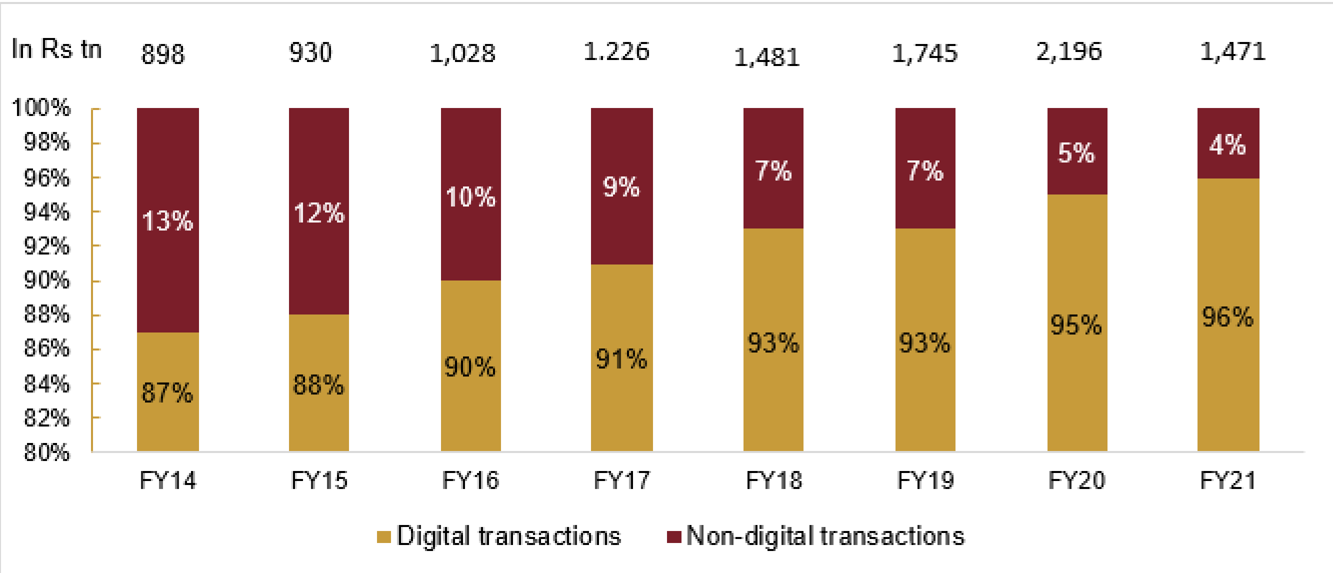
The share of different channels in domestic money transfer has changed significantly over the past five years.

Transactions in volume terms



Note: Digital transactions includes RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments; Non-digital transactions include cheques/paper clearing and ATM transactions. Amount above each bar indicates volume of transactions in the year.
Source: RBI, CRISIL Research

Transaction in value terms



Note: Digital transactions includes RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments; Non-digital transactions include cheques/paper clearing and ATM transactions Amount above each bar indicates value of transactions in the year.
Source: RBI, CRISIL

Key technologies shaping fintech

Technological developments and continuous progress in the maturity of technologies has helped shape up the fintech market. API standards, for instance, have enabled different pieces of software from different financial players to interact and exchange data in a secure environment, enabling comparisons and more competition. APIs are the main reason that startups are able to build their products faster.

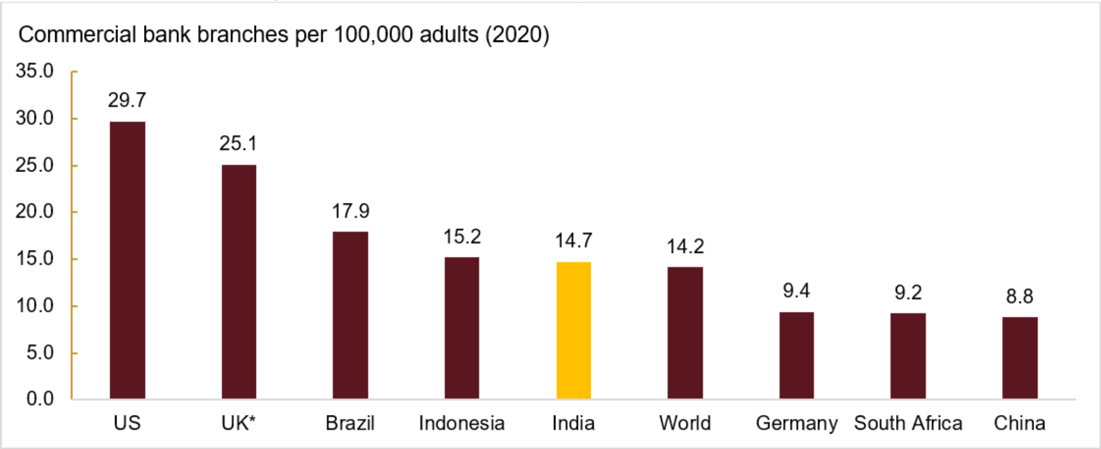
Going forward, India presents a huge opportunity for growth of fintechs owing to high potential in the underpenetrated customer segments. To attract mid-to-low-income customers and the rural population, there is a need to develop tailor-made solutions and adequate use-cases by overcoming challenges posed by low literacy, lack of trust, low awareness and behavioural factors. Given the improvement in support infrastructure (electricity and internet connectivity and IndiaStack), this segment provides huge potential to grow.

India's focus on financial inclusion is increasing; however, a large section of the population is still unserved

India's financial inclusion has improved significantly in the past three years, with the adult population with bank accounts rising from 53% (as per Global Findex Database 2014) to 80% (in 2017) with concentrated efforts from the government and the rise of various supporting institutions.

India has lower commercial bank branches and ATM penetration compared to other countries, indicating huge room for financial inclusion and banking services penetration. As of calendar year 2020, India has 14.7 branches and 17 ATMs for every 100,000 adults according to World Bank data, which is relatively lower than other developing and developed countries.

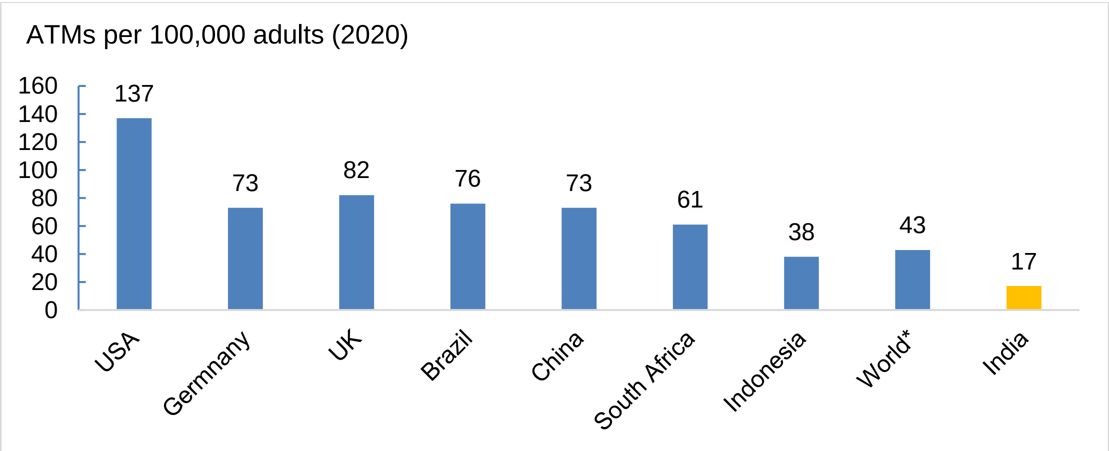
Commercial bank branch penetration across the world



Note: (*) – UK data is as of 2013 calendar year

Source: World Bank, RBI, CRISIL Research

ATM penetration across the world



Note: (*) – US data is as of calendar year 2009

Source: World Bank, RBI, CRISIL Research

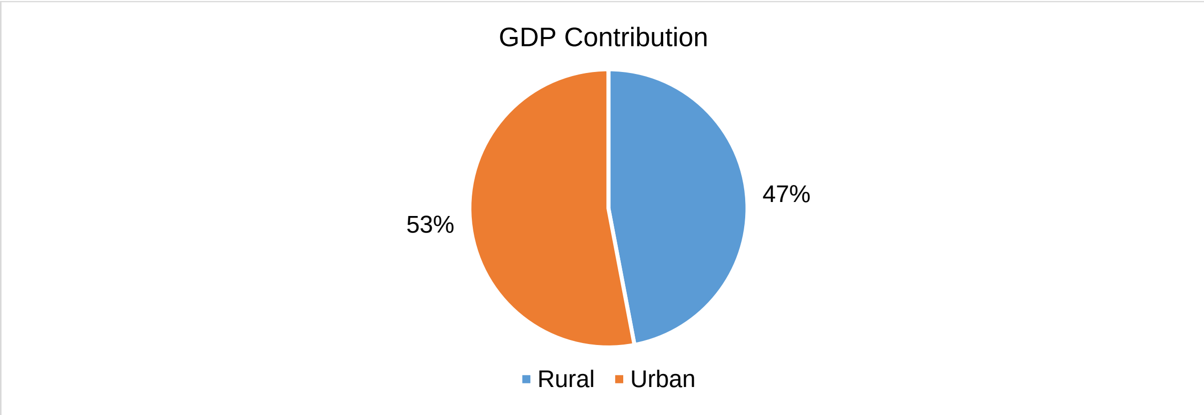
The low levels of adults with bank accounts in comparison with various countries can be further explained by the large number of rural households in the country, which account for nearly two-thirds of the total households in the country. The shift in households towards urban regions is taking place albeit at a very slow pace.

Two-thirds of total households are in rural India

Although around 65% of Indian households were located in rural regions of India during financial year 2020, the banking infrastructure in these regions is relatively inferior, and thus, there is a gap between the supply and demand of financial services in the backward regions of the country, which is a pocket of opportunity for the financial services sector.

Rural India accounts for about half of GDP, but only about 10% of total credit and 11% of total deposits

GDP contribution from rural and urban areas

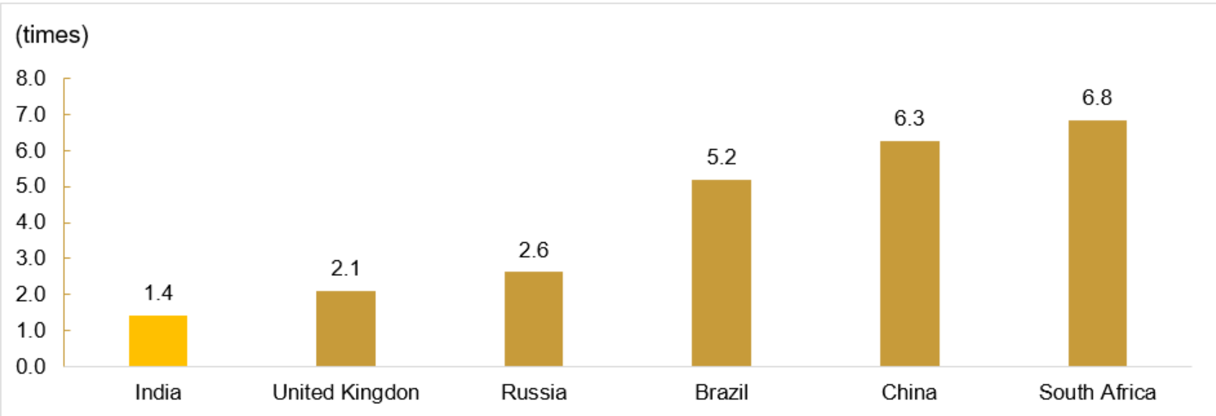


Source: CSO; RBI; CRISIL estimates (for GDP contribution as per 2017)

As rural areas in India have lower financial inclusion compared with urban areas and there is less competition for banking services in rural areas compared with urban areas, this presents significant growth opportunities in rural areas.

India's ATM withdrawal to cash-in-circulation ratio lies behind other countries indicating lower debit card penetration is in the country. Under PMJDY, the beneficiaries have been issued RuPay debit cards which has also been a key enabler from rural participation in financial system. As of March 31, 2021, 309 million RuPay debit cards have been issued to 422 million PMJDY beneficiaries. Out of these, 66% of the beneficiaries reside in rural and semi-urban areas.

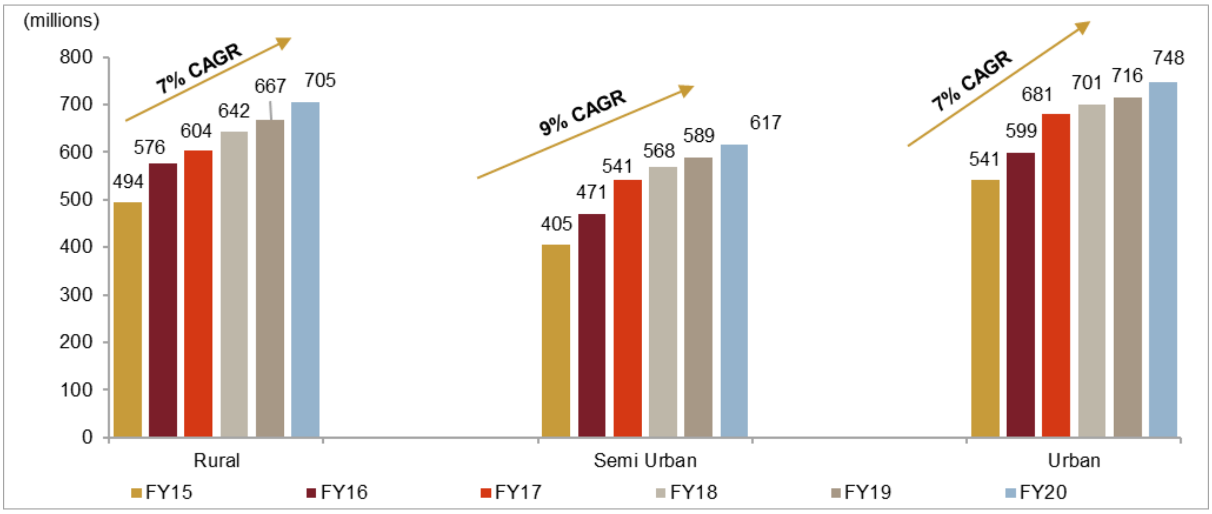
ATM withdrawal to cash in circulation ratio (CY 2019)



Source: Bank of International Settlements, CRISIL Research

The number of bank credit accounts in rural areas grew at a CAGR of 5% between the end of financial year 2015 and the end of financial year 2021 and the number of bank deposit accounts grew at a CAGR of 7% between the end of financial year 2015 and the end of financial year 2021. However, with Payments banks increasing their reach and expanding into rural areas and increasing financial awareness, faster growth in rural areas can be expected in the future given the huge untapped potential. Between the end of financial year 2015 and the end of financial year 2021, the number of credit accounts in semi-urban areas grew at a CAGR of 10% and between the same period, the number of deposit accounts grew at a CAGR of 8%.

Bank deposit accounts in rural, semi-urban and urban areas



Note: Urban includes data for Urban and Metropolitan areas; amounts are as of the end of the financial year indicated. Data represents only bank deposit accounts.
Source: RBI; CRISIL Research

Payment banks

Another step taken towards financial inclusion was the RBI granting in-principle approval on August 19, 2015 to 11 players to launch payment banks. The objective of a payments bank is to widen the spread of payment services and deposit products to small businesses, low-income households, migrant labor workers and other unorganized entities by enabling high volume low value transactions in deposits and payments/remittance services in a secured technology-driven environment.

Small Finance Banks (SFBs)

Till March 2021, the RBI has awarded SFB licenses to 11 institutions, which aim to service the underserved through savings instruments, and supplying credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector/lending through informal channels.

Microfinance Institutions

MFIs have played a significant role to play in furthering financial inclusion, by providing small ticket loans to customers, usually for productive purposes.

Business Correspondents (BCs)

In one of its foremost measures, the RBI introduced the BC model of banking outreach in January 2006, aimed at leveraging information and communication technology to widen access to the banking system. BCs are retail agents engaged by banks to offer banking services at locations other than a bank branch/ATM.

Aadhaar

Adoption of Aadhaar and Aadhaar authentication in the Indian financial system is expected to transform the financial landscape. To increase financial inclusion, the Unique Identification Authority of India partnered with the RBI, NPCI, IBA and banks to develop:

- Aadhaar Enabled Payment System (AEPS) – A system that leverages Aadhaar online authentication and enables AEBAs to be operated in anytime-anywhere banking mode by the marginalised and financially excluded via micro ATMs.

- Aadhaar Payments Bridge (APB) – The system was launched in 2011 to enable a smooth transfer of all government welfare scheme payments to a beneficiary's Aadhaar Enabled Bank Account (AEBA).

Indian banking Industry

Banking industry overview

The Indian banking system currently consists of 12 public sector banks, down from 26 owing to the merger of some public sector units to make them more relevant, 22 private sector banks, 46 foreign banks, 43 regional rural banks, 11 SFBs, six payment banks, 2,550 cooperative banks. All the banks fall under the purview of the RBI.

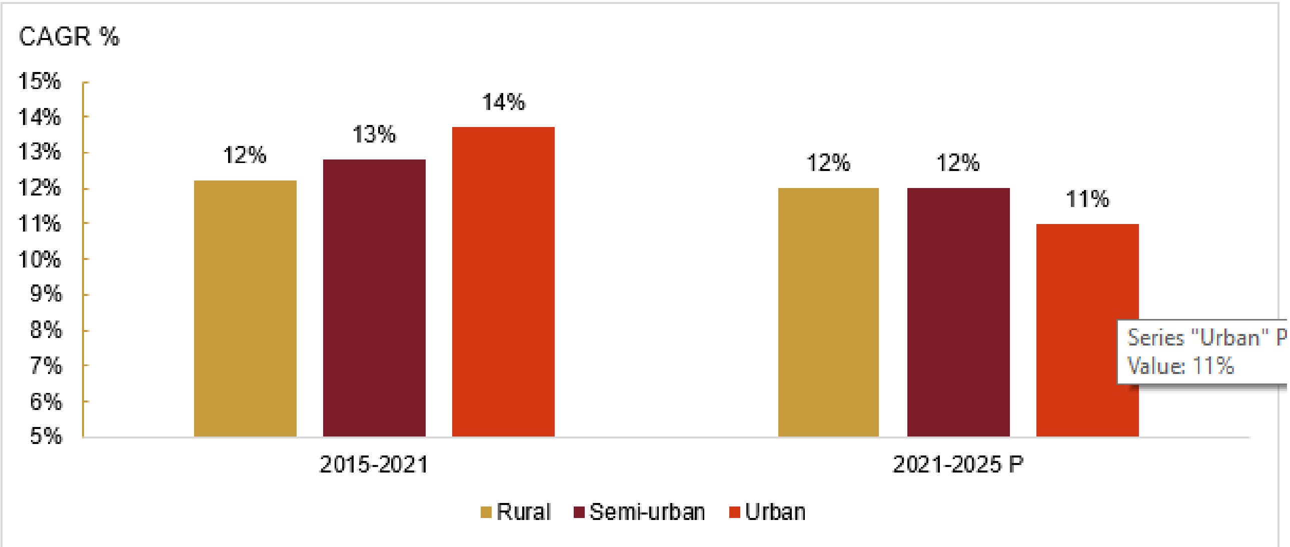
Licencing of Payments Banks and SFBs

In September 2013, Committee on Comprehensive Financial Services for Small Businesses and Low Income Households, headed by Nachiket Mor, was formed by the RBI. In January 2014, the Nachiket Mor Committee submitted various recommendations, among which it recommended the formation of two new categories of bank called Payments Banks and Small Finance Banks. In November 2014, RBI released the final guidelines for Payments Banks and SFBs. In 2015, RBI gave "in-principle" licences to 11 entities to launch Payments Banks and awarded SFBs licences to 10 players. However, of the 11 in-principle payment licensees, three withdrew their application subsequently. Aditya Birla Idea Payments Bank also closed their operations in September 2019. The payments bank which are currently operational include Airtel Payments Bank, India Post Payment Bank (IPPB), Fino Payments Bank, PayTM Payments Bank, NSDL Payments Bank and Jio Payments Bank.

RBI, in December 2019, released the final Guidelines for 'on-tap' licensing of small finance banks in the private sector and opened the window for applicants to approach the regulator at any point in time for on-tap licensing of SFBs. Additionally, existing Payments Banks (PBs) which are controlled by residents and have completed five years of operations will also be eligible to apply for SFB licence. The minimum paid-up voting equity capital for small finance banks shall be ₹ 2 billion. In case of an existing NBFC/MFI/LAB/PB, the entity shall have a minimum net worth of ₹ 2 billion or it shall infuse additional paid-up voting equity capital to achieve net worth of ₹ 2 billion within 18 months from the date of in-principle approval or as on the date of commencement of operations, whichever is earlier. For cooperative banks, the entity shall have a minimum net worth of ₹ 1 billion, which should be increased to ₹ 2 billion within five years from the date of commencement of operations. Listing of the small finance bank will be mandatory within three years after it reaches the net worth of ₹ 5 billion for the first time.

With increasing financial penetration and access to financial services in the rural and semi-urban areas, the share of deposits in these areas have also increase over the last ten years. While the share of metropolitan areas in the deposits distribution has reduced over the years, share of urban areas has remained stable and semi-urban areas have seen an increase in share of deposits.

CASA deposits to grow faster in rural and semi-urban areas



Source: RBI, CRISIL Research

Comparison of different business models

	Universal Banks	Small Finance Bank	Payments Bank
Products			
Products offered	• Full spectrum of banking, savings, investment and insurance products	• Can offer savings and investment products apart from credit products / loans • Can act as Corporate Agent to offer insurance products • Cannot act as Business Correspondent to other banks	• Banking services - Demand deposits, ATM/Debit cards, payments and remittance services • Other ancillary services – Cash Management Services, Recharges, Bill Payments, Fast Tag etc. • Can act as Business Correspondent to another bank and offer savings, deposits, credit and investment products • Can act as Corporate Agent to offer insurance products and loan products
Prudential norms			
Capital adequacy framework	• Minimum Tier 1 capital: 7%	• Minimum Tier 1 capital: 7.5%	• Minimum Tier 1 capital: 7.5%

	Universal Banks	Small Finance Bank	Payments Bank
	• Minimum capital adequacy ratio: 9%	• Minimum capital adequacy ratio: 15%	• Minimum capital adequacy ratio: 15%
NIM	• No Margin Cap	• No Margin Cap	• No Margin Cap
CRR / SLR	• Maintenance of CRR/SLR ratio mandatory • CRR – 4% • SLR – 18.75%	• Maintenance of CRR/SLR ratio mandatory • CRR – 4% • SLR – 18.75%	• Maintenance of CRR/SLR ratio mandatory • CRR – 4% • SLR - 75% (of its demand deposit balances)
Leverage ratio	• Minimum leverage ratio of 4%	• Minimum leverage ratio of 4%	• Minimum leverage ratio of 3%
LCR (liquidity coverage ratio)/ NSFR (net stable funding ratio)	• Mandatory requirement to maintain liquidity coverage ratio • NSFR applicable to scheduled commercial banks	• Minimum liquidity coverage ratio of 100% by Jan 1, 2021 • NSFR will be applicable to SFBs on par with scheduled commercial banks as and when finalized	• No such requirement
Priority sector lending			
Targeted lending to sectors	• 40% for priority sector lending of their Adjusted Net Bank Credit (ANBC) or equivalent off-balance sheet exposure (whichever is higher) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises 10% of ANBC to weaker sections	• 75% for priority sector lending of their Adjusted Net Bank Credit (ANBC) ○ 18% of ANBC to Agriculture ○ 7.5% of ANBC to micro-enterprises ○ 10% of ANBC to weaker sections • At least 50% of loan portfolio should constitute loans and advances of upto ₹ 2.5 million	• Cannot undertake lending activities
Bank loans / market funding	• Access to broader array of market borrowings	• Access to broader array of market borrowings • No access to bank loans	• Access to call money and CBLO market

Source: RBI, CRISIL Research

Global trends in banking

Players in the banking ecosystem in India would need to be cognisant of global trends and new sources of emerging competition, and accordingly refine their strategies. Globally, the following factors are reshaping competitive dynamics:

Web-only banks acting as strong competitors to traditional counterparts: Globally, web-only banks (also known as neobanks) have started eating into the market share of traditional financial institutions in both assets and liabilities. These banks have been able to wean away customers from large established financiers by offering attractive rates of interest on deposits and easier availability of loans.

Open banking making customer data available to challengers as well: Open banking refers to a system in which financial institutions' data can be shared for users and third-party developers through open application programming interface (API).

Digitization of transactions and payments in India

Overview and Trends

The Indian digital payment space has seen extraordinary growth in the last few years. The growth has been driven by multiple factors like launch of new payment products, increasing smartphone penetration, increasing mobile internet users driven by lower data charges and a strong push from the government in order to increase adoption of digital channels.

Over the last decade, NPCI has launched various innovative products like UPI, National Electronic Toll Collection (NETC) and Bharat Bill Pay Service (BBPS), AePS and other retail payment and settlement systems. The convenience of these payments systems along with ubiquitous availability of mobile broadband has ensured acceptance as they provided consumers an alternative to the use of cash and paper for making payments. The participation of non-bank fintechs in the payment ecosystem in the form of Prepaid Payment Instruments (PPI) issuers, Bharat Bill Payment Operating Units (BBPOUs) and other third-party application providers in the UPI platform has furthered the adoption of digital payments in India.

These innovations have led to the emergence of various players such as Payments Bank (such as PayTM Payments Bank and Fino Payments Bank), Fintechs (such as Razorpay, PayU, and PayTM) and incumbent banks (such as Axis, HDFC Bank, ICICI Bank) too have launched their own digital payment platforms. Consumer apps provided by Google (Google Pay), Amazon (Amazon Pay) and Walmart (PhonePe) have created a strong presence in UPI payments to strengthen their foothold in the digital payments space.

These fintechs and usage of their application for payments is also helping the consumers create formal transaction records, which will ease access to credit in times to come.

Digital & Cash Transactions

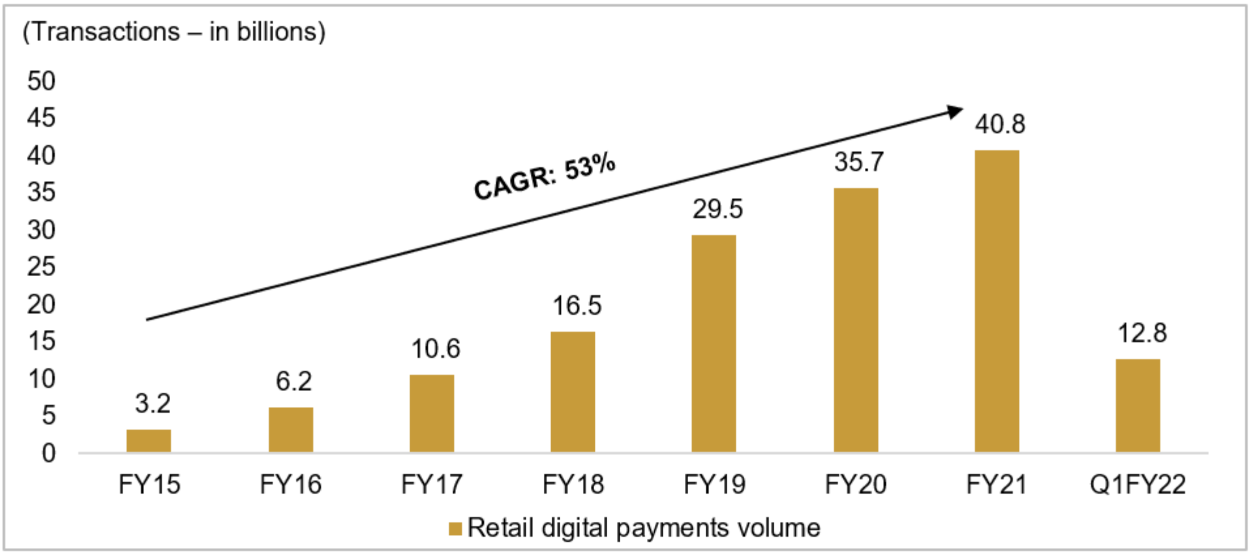
Surge in digital transaction volumes reflected in rising share

While usage of cash remains high, particularly in person-to-merchant transactions in India, CRISIL has observed a surge in digital transactions in the past few years, led by government and regulatory initiatives and changing consumer preferences. JAM (Jan Dhan, Aadhaar and Mobile), demonetisation of high-value currency notes in November 2016, implementation of GST in July 2017 and the unveiling of the Unified Payments Interface, or UPI, are some of the notable regulatory initiatives that have spurred growth in the space. Digital payment volumes (*digital transactions includes, Retail Electronic Clearing, Prepaid Payment Instruments, RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH and card transactions at ATM)* have more than tripled in the last three years ending financial year 2020.

In volume terms, digital payments transactions have logged a CAGR of 49% from financial year 2015 to financial year 2021 owing to factors such as a younger population, rising smartphone penetration, increasing mobile internet users, convenience of transacting digitally, and booming ecommerce sector. The transaction value of digital payments witnessed a CAGR of 9% to reach ₹ 1,379 trillion in financial year 2021 from ₹ 823 trillion in financial year 2015. The growth rate came down slightly in the immediate aftermath of changes in KYC norms, including voluntary use of Aadhaar identification, being made applicable to prepaid payment instrument (PPI) companies in March 2018, but has bounced back since then. In financial year 2021 as well, while digital payments transaction volume grew by 14%, transaction value declined by ~15% mainly owing to a sharp contraction of RTGS payments as a result of COVID-19.

In the first quarter of financial year 2022, transaction volumes for digital payments reached 12.8 billion as compared to 7.2 billion in the first quarter of financial year 2021, thereby registering a growth of 77% on year. The transaction value of digital payments also witnessed a growth of 27% to reach ₹ 365 trillion in the first quarter of financial year 2022 as compared to ₹ 286 trillion in the first quarter of financial year 2021. Going forward, the trend is expected to continue as digital payments gain in popularity and become more ubiquitous.

Retail digital payment transaction volumes have grown at 53% CAGR between 2015 and 2021

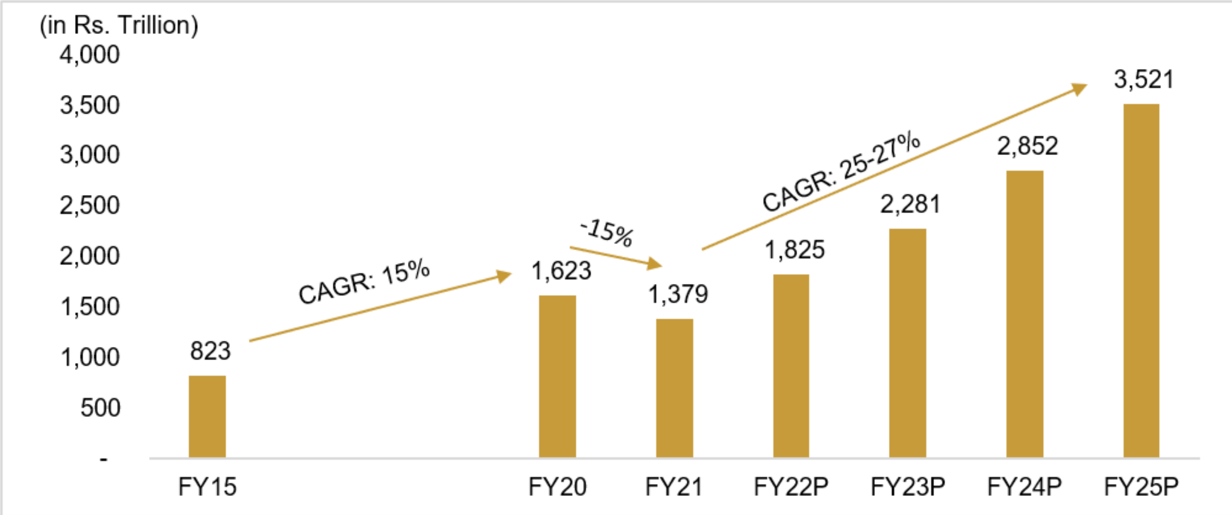


Note: Retail digital payments include all digital payments except RTGS and Paper Clearing
Source: RBI, CRISIL Research

Retail digital payments forecast to grow at a 34% CAGR during financial year 2020 to financial year 2025

CRISIL forecasts the digital payments value in India to reach ₹ 3,500 trillion in financial year 2025 from ₹ 1,623 trillion in financial year 2020, translating into CAGR of 16-18% between financial year financial year 2020 and financial year 2025. The growth in the digital transaction can be attributed to rise in smart phones and mobile internet adoption, convenience offered by digital payments, and ubiquitous availability of payment solutions.

Digital payments value to cross ₹ 3,500 trillion by FY25



Note: Digital transactions includes Retail Electronic Clearing, PPIs, RTGS – excluding interbank clearing, ECS, NEFT, IMPS, UPI, Mobile Banking, NACH & card transactions at ATMs, P: Projected
Source: RBI, CRISIL Research

Enablers for growth in digital transactions

Overall retail spending grew at 10% CAGR from ₹ 39 trillion in financial year 2015 to ₹ 62 trillion in financial year 2020 and after contracting by approximately 6% in financial year 2021, is expected to grow at a CAGR of 11-13% between financial year 2021 and financial year 2025 to ₹ ~91 trillion.

E-commerce spending to drive digital transactions

The Indian e-commerce sector has had a phenomenal run in the recent past. The sector has managed to attract consumers and has grown at a ~35% CAGR from ₹ 3.8 trillion financial year 2015 to ₹ 17.2 trillion in financial year 2020 on the back of rising internet penetration, increasing awareness of online shopping, penetration into tier 2 and tier 3 with the help of assisted model (where e-commerce firms tie up with merchants to cater customers) and lucrative deals offered by well-established players and start-ups.

Increase in cards and POS terminal to augment digital transactions

Over the last decade, the usage of debit and credit cards in India has increased substantially. Between financial year 2011 and 2021, the number of debit cards issued in the country has increased from 230 million to 898 million, while issued credit cards has increased from 20 million to 62 million. As more cards are getting issued, there has been a growth in the acceptance infrastructure as well. As of March 2020, the POS infrastructure in the country has more than doubled over the past 5 years to reach 4.4 million terminals, which further increased to 4.7 million terminals at the end of financial year 2021. CRISIL expects this trend to continue, resulting in an increase in digital transactions.

Regulatory moves to also spur gradual shift from cash to digital payments

Digital financial services lie at the heart of financial inclusion in India. Despite the government's effort to create interconnected digital infrastructure, the adoption of digital financial services, especially in rural India, is marred by digital literacy, which has a direct impact on the acceptance of digital products. The lack of trust in technology, limited awareness, inadequate payment infrastructure, and poor network connectivity has restricted digital transactions and discouraged people from using these payment modes. As a result, cash is still a preferred mode of payment in rural India. In the past, lack of documents has been a big deterrent in weaning rural customers away from traditional banking services. However, AePS has helped address this and rural citizens are now carrying out basic digital transactions using their biometric ID and AADHAR.

Offline payments mechanism to drive the push for digital transactions

Offline payments are transactions that are either processed without a data connection or where the transaction is recorded offline & processed at a later point of time. In the offline mode using cards, the card details of the transaction are stored at the terminal which is used to generate a transaction response for receipt. Later, when the internet connection is established, the stored payment data is processed. In the offline mode using cards, the card details of the transaction are stored at the terminal which is used to generate a transaction response for receipt. Later, when the internet connection is established, the stored payment data is processed.

In August 2020, the RBI proposed to allow a pilot scheme for small value payments in offline mode with built-in features for safeguarding the interest of users. Under this scheme, authorised Payment System Operators (PSOs) – banks and non-banks – were allowed to provide offline payment solution using cards, wallets or mobile devices for remote and proximity payments. Post the pilot scheme, the Central bank will decide on formalising the system based on the experience gained.

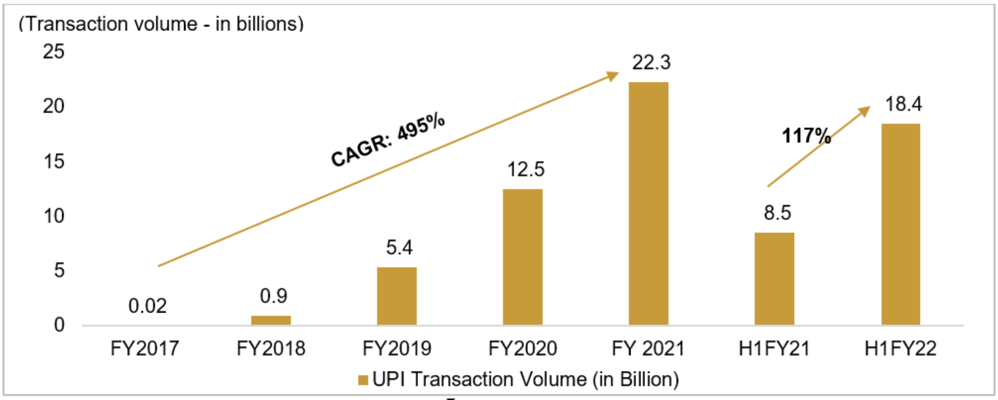
Digital payment instruments

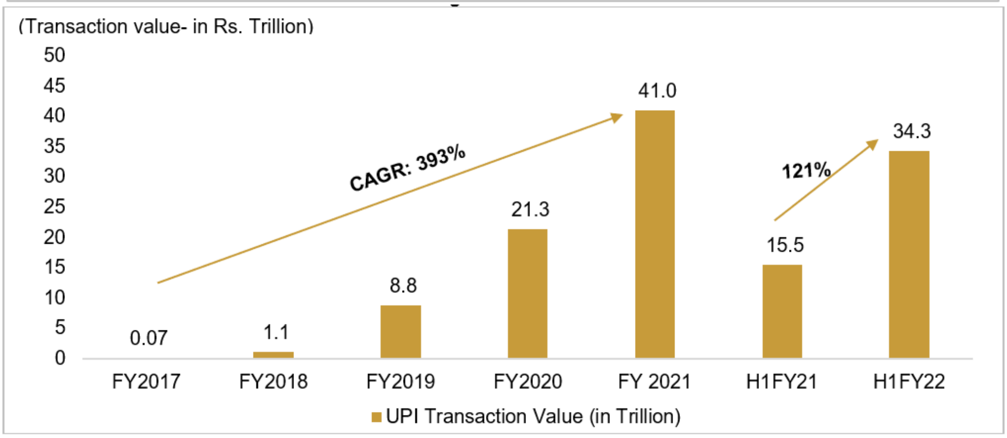
Unified Payment Interface (UPI)

UPI is a mobile based payment system, wherein users can send and receive money instantly using a Virtual Payment Address (VPA). The unique feature of VPA-based transaction is the secure aspect of UPI architecture as it obviates the need for sharing account or bank details to the remitter. It supports person to person (P2P) and person to merchant (P2M) payments and can be used over smart phone (app based), feature phone (USSD based) and at merchant location. Since its launch in 2016, UPI, has witnessed an exponential growth of 495% CAGR in terms of volumes to reach 22.3 billion in financial year 2021 from 0.02 billion in financial year 2017. Similarly, the value of transactions has increased from ₹ 0.07 trillion to reach ₹ 41 trillion between financial year 2017 and financial year 2020; growing at a CAGR of 393% during the same time. The outbreak of COVID-19 was a minor blip in the growth story as transactions saw a minor drop in early months of financial year 2020-21; however, the shift towards digital transactions through the UPI platform has seen an acceleration since then. UPI recorded the highest number of transactions of 2,234 million and 2,303 million, amounting to ₹ 4.1 trillion and ₹ 4.3 trillion in the month of December 2020 and January 2021 respectively.

The launch of UPI 2.0 in 2018 saw expansion of its use cases. Invoice verification, linking of overdraft account, additional security through signed intent and QR code were some of the features that were introduced. In July 2020, NPCI also allowed customers to set a recurring mandate with UPI to pay for mobile bills, EMIs, insurance premiums and make mutual fund investments. This is expected to provide a major push to the volumes and revenue of UPI transactions.

UPI transactions volumes and values have surged between financial year 2017 and financial year 2021





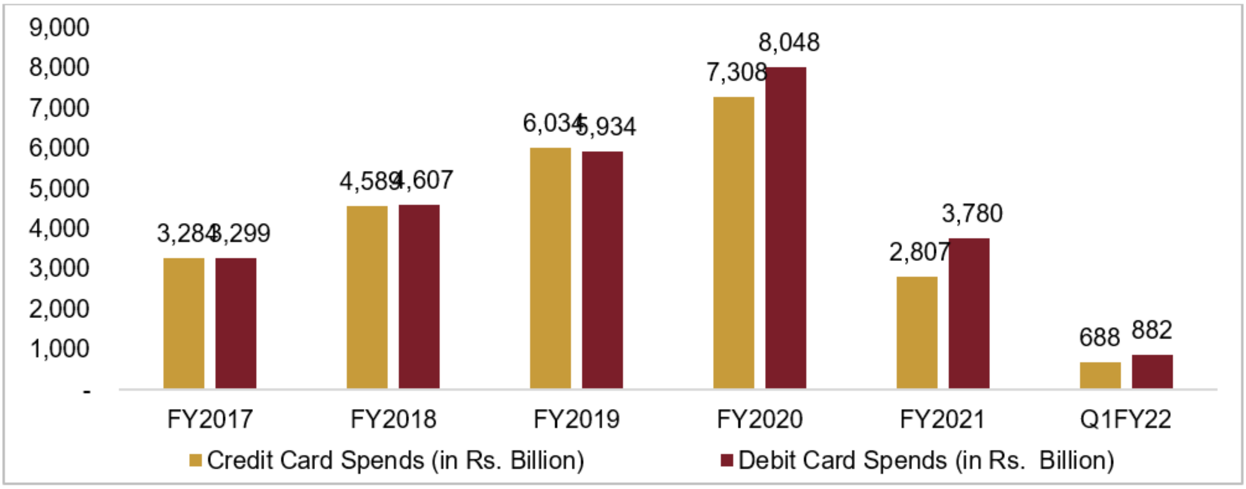
Source: RBI, NPCI, CRISIL Research

Credit and Debit cards

Cards spends more than doubled during financial year 2017 to financial year 2020; trend to continue despite blip in financial year 2021

Credit card and debit cards spends have registered a robust growth of 31% and 35% CAGR over a period of three years to reach ₹ 7.3 trillion and ₹ 8.0 trillion respectively in financial year 2020. The transaction volumes during the same time has increased at CAGR of 26% and 29% for credit card and debit card respectively. Demonetisation was one of the significant factors that led to faster growth in transaction volume and value of cards. Further, the government's emerging vision of a cash-less society, focus on digitalisation, developments in e-commerce, and availability of point of sale infrastructure have significantly encouraged payments through credit and debit cards.

Credit card & debit card spends grew at 31% and 35% CAGR between financial year 2017 and 2020 (in ₹ billion)



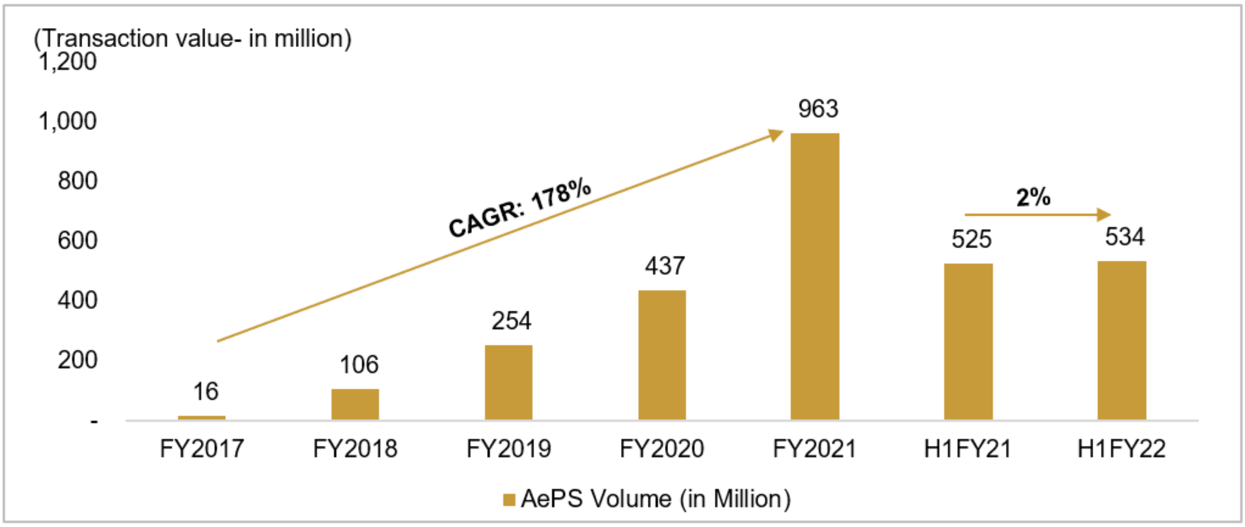
Source: RBI, CRISIL Research

In the first quarter of financial year 2022, with reopening of the economy, tours and travel, shopping malls etc., the transaction volumes and values for credit and debit cards have witnessed a month on month rise and CRISIL expects that the usage of both credit and debit cards will increase with the effect of pandemic expected to wane over a period of time and people returning to spending at physical stores and restaurants. The current pandemic is also expected to bring a change in the customer behaviour, which will lead to a higher adoption of card payments.

AADHAR Enabled Payment System (AePS)

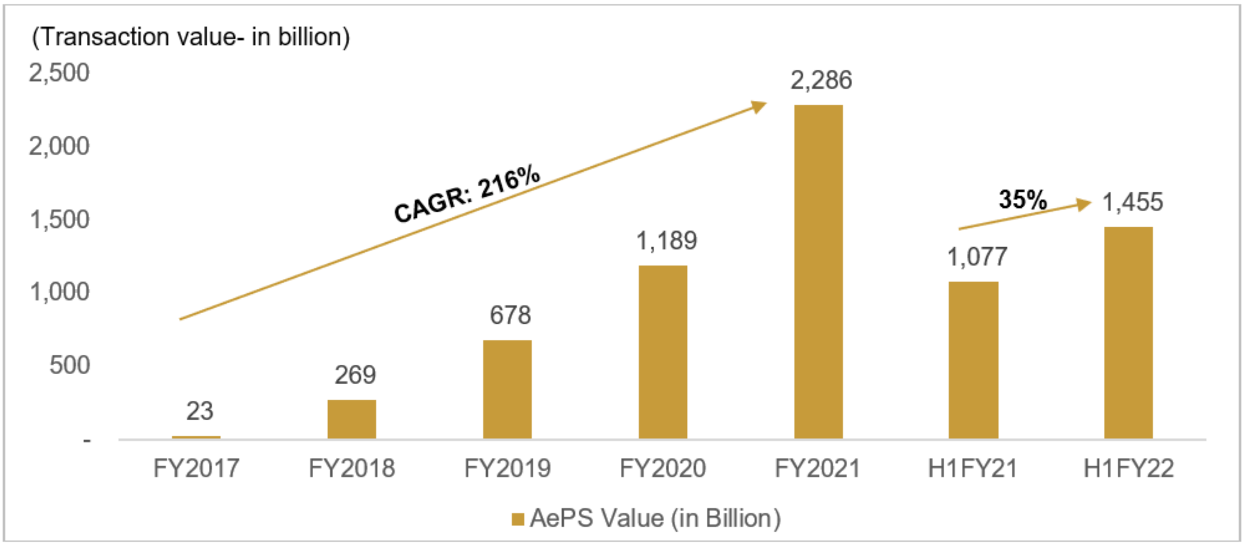
AePS is a bank led model that uses AADHAR authentication to allow interoperable transactions at POS terminals. It was launched with an objective to facilitate banking services in the underserved regions of the country. Since its launch in 2016, AePS has seen a strong growth in its transaction volume; volumes increased at a CAGR of 178% between financial year 2017 and financial year 2021. In terms of value, it has increased at a CAGR of 216% during the same period. Post-COVID, the usage of AePS has jumped manifold, indicating the increasing convenience of this channel as also the change in customer behaviour. In first half of financial year 2022, the AePS transactions volume has witnessed a growth of 2% compared to the same time in fiscal 2021.

AePS transaction grew at a CAGR of ~178% between financial year 2017 and financial year 2021



Source: RBI, NPCI, CRISIL Research

AePS transaction value grew at a CAGR of 216% between financial year 2017 and financial year 2021



Source: RBI, NPCI, CRISIL Research

Payment Banks

Overview of the Payment Bank Licence

The guidelines were announced with aim to create a banking entity which is adequately capitalised, financially inclusive and has a competitive business model.

Guidelines for Payments Bank Licence

Parameters	Guidelines
Eligible Promoters	• The eligible entities which can set up a payment bank include an existing non-bank, prepaid instrument issuers (PPI) & other entities such as individuals / professionals; NBFCs, corporate BCs, mobile telephone companies, super-market chains, companies, real sector cooperatives; that are owned and controlled by residents; and public sector entities. • The promoter/promoter group can also enter into a joint venture with an existing scheduled commercial bank to set up a payment bank. If the promoter succeeds in obtaining a payment's bank licence, it would be required to set up the payment bank under a separate structure unless it is an existing PPI licence holder opting for conversion into a payments bank.
Scope of activities	• The payments bank shall confine its activities to further the objectives for which it is set up. Therefore, the payments bank is permitted to set up its own outlets such as branches, Automated Teller Machines (ATMs), BCs, to undertake only certain restricted activities permitted to banks under the Banking Regulation Act, 1949. • The payment banks can accept demand deposits (Non-NRI deposit), issue ATM/ debit cards/PPIs, offer remittance services (incl. cross-border remittances) and internet banking services, act as a BC for another bank and undertake non-risk sharing simple financial services activities not requiring any fund commitment, such as distribution of MFs, insurance products, pension products, etc. and undertake utility bill payments. • Given that the primary role of payments bank is to provide payments and remittance services and demand deposit products to small businesses and low-income households, payments banks were initially restricted to holding a maximum balance of ₹ 100,000 per individual customer.
Deployment of Funds	• The payments bank cannot undertake lending activities. Apart from amounts maintained as Cash Reserve Ratio (CRR) with RBI on its outside demand and time liabilities, it will be required to invest minimum 75% of its "demand deposit balances" in Government securities/Treasury Bills with maturity up to one year that are recognized by RBI as eligible securities for maintenance of Statutory Liquidity Ratio (SLR) and hold maximum 25% in current and time / fixed deposits with other scheduled commercial banks for operational purposes and liquidity management.
Capital Requirement	• The minimum paid-up equity capital of the payments bank shall be ₹ 1 billion. The payments bank shall be required to maintain a minimum CRAR of 15% on a continuous basis, subject to any higher percentage as may be prescribed by RBI from time to time. Tier I capital should be at least 7.5% of RWAs. Tier II capital should be limited to a maximum of 100% of total Tier I capital.

Parameters	Guidelines
Promoter Contribution	• When the payments bank reaches the net worth of ₹ 5,000 million, and therefore becomes systemically important, diversified ownership and listing will be mandatory within three years of reaching that net worth. • The promoter's minimum initial contribution to the paid-up equity capital shall be at least 40% for the first 5 years.
Foreign Shareholding	• Foreign shareholding has been allowed up to 74% (automatic route up to 49% of the paid up capital and approval route beyond that till 74%) • At all times, at least 26% of the paid-up capital will have to be held by residents. In the case of Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs), individual FII / FPI holding is restricted to below 10% of the total paid-up capital, aggregate limit for all FIIs /FPIs / Qualified Foreign Investors (QFIs) cannot exceed 24% of the total paid-up capital, which can be raised to 49% of the total paid-up capital by the bank concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. • In the case of NRIs, the individual holding is restricted to 5% of the total paid-up capital both on repatriation and non-repatriation basis and aggregate limit cannot exceed 10% of the total paid-up capital both on repatriation and non-repatriation basis. However, Non-Resident Indian (NRI) holding can be allowed up to 24% of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.
Other Conditions	• At least 25% of a Payments Bank's physical access points (own or others' network; not branches) have to be in rural centers.

Source: RBI, CRISIL Research

As per the guidelines for on-tap licensing of small finance banks (SFB) in the private sector, released in December 2019, payments banks can also apply for conversion into SFB after five years of operations, if they are eligible otherwise based on the guidelines.

Payment Banks have led to proliferation of non-branch type touchpoints

After granting of the Payments Banks licences, it is seen that the payment banks have set up a vast network of touchpoints by leveraging established nature of some of their parent network and through collaboration. For instance, the Bank has widened its network through collaboration and partnerships with BPCLto use their outlets as digital banking points. The Bank's digital kiosk acts as a last mile service point in the underpenetrated regions of the country. This extensive alternative banking channel has brought about a paradigm shift in the way people used to avail banking services. Now, the customers need not travel long to go to a traditional bank branch, instead, they can visit the local banking touchpoint at their convenience and avail assisted digital banking services such as new account opening, deposit, withdrawal, money transfer and utility bill payments.

Airtel Payments Bank, on the other hand, has leveraged its parent's network of retailers and Kirana shops and India Post Payment Bank has enabled the post offices in India to provide payment banks services.

Rural areas have the least presence of payments bank functioning offices, whereas urban areas has the highest number of functioning offices as of FY2020. However, these functioning offices form a very small proportion of total number of touchpoints of payments banks, as they leverage on their vast network of merchants and doorstep service providers to provide banking and related services in the last mile.

Payments Banks are looking to increase their footprints and are continuously deepening their penetration across various states and regions. Going forward, CRISIL expects Payments Banks will continue to increase their touchpoints and collaborate with other players as required to cater to the needs of customers through their ecosystem.

Payment banks' make use of the phygital model in rural areas

Banking transactions are largely a trust affair, and therefore, banks have traditionally relied upon a physical branch along with digital presence to be able to build trust with customers. However, physical models have not worked in rural banking due to high costs, while India's rural customers are not ready to go completely digital financially. Hence, the banks are relying upon the phygital model (also known as an assisted-digital model) – a combination of digital channel and human touch at the front end to assist customers – to address the pain points of a rural customer – limited accessibility, financial and digital literacy.

Some of the key advantages of using phygital model include:

1. **Digitization of customer cash:** Cash transaction is the primary reason for account dormancy in rural India. The local banks and other financial institutions, through their Phygital model could digitize customer income and expenses, which could drive account primacy and encourage banking behavior.

2. **Phygitisation of local merchants:** The financial institutions could leverage the local merchant or kirana stores as a trust point, where the customer will get assistance in adopting digital mode of using financial services i.e. helping the customer in downloading the application, checking their balances and making a fund transfer. The familiarity of the merchant and

the handholding will boost customer confidence of being able to manage such transaction on their own. The financial institutions can later elevate these local merchant to the status of a banker, thereby establishing their touchpoint and trust-point in a scalable and cost effective manner.

The phygital model, thus has created new value propositions and helped companies respond with far greater efficiency. Going forward, this model of operation is expected to build organizational resilience through more anytime, anywhere touchpoints and increase opportunities for mutually beneficial partnerships with various stakeholders.

However, not all payments banks operate in the rural and semi-urban regions, indicating variations in their business model and target customer segments. For instance, the Bank uses the phygital model (assisted digital model) to drive business through scale in the rural and semi-urban regions. On the other hand, PayTM Payments Bank has a stronger focus on large cities and urban areas and primarily operates through digital channels.

Customer segment and products of Payments Banks

Payment banks generally focus on four key customer segments – unserved, underserved, small size businesses and youth in semi-urban areas through differentiated value propositions. During the start of their operations, the primary channel for payment banks is usually agents, who help their customer in understanding the digital models and gradually shift them to a self-service digital channels to avail banking services using a mobile application.

Customer segment & value proposition of payment banks

Customer segment	Unserved	Underserved	Small Size Business	Youth in Semi-urban regions
Target customers	Low income individual, domestic workers and migrant workers	Low income individual, domestic workers and migrant workers	Mobile network operator agents, Small merchants and kirana stores, Agri-traders & small service providers	Youth, students who are well acquainted with mobile wallets
Products	Savings A/c & Mobile wallets, Loan disbursements through tie-ups with Banks and NBFCs and distribution of Insurance & investment products	Savings A/c & Mobile wallets, Loan disbursements through tie-ups with Banks and NBFCs and distribution of Insurance & investment products	Savings A/c, Current A/c, Loan disbursements through tie-ups with Banks and NBFC and distribution of insurance & investment products	Mobile wallets, CASA
Transaction type	Domestic money remittance, Cash-in and Cash-out, Bill payments	Domestic money remittance, Cash-in and Cash-out, Bill payments	Cash-in and Cash-out, Bill payments, Money Transfers	Digital transactions through wallet
Primary Channel	Agents are primary touchpoints	Agents are primary touchpoints	Agents, Self-service	Self-service

Source: CRISIL Research

Addressable market (revenue from CASA, payment services, remittance and cash collection and management) expected to grow at 16% CAGR between financial year 2021 and financial year 2025

Addressable market refers to the potential revenue pool available for an entity focused on providing CASA deposit accounts in rural and semi-urban areas and the entire range of payment and remittances related services across urban, semi-urban and rural areas. CRISIL estimates the addressable market to be approximately ₹ 0.85 trillion in financial year 2021. CRISIL projects this market to grow at a CAGR of 16% over the next four years to reach ₹ 1.57 trillion by financial year 2025, largely driven by strong growth in the payments space due to technology and changing consumer behavior.

Deposits for payment banks grew by ~64% in financial year 2020

Deposits collected by Payments Banks grew by 64% in financial year 2020. Cumulatively, the quantum of deposits rose from ₹ 25.7 billion as at the end of financial year 2019 to reach ₹ 42.1 billion as of financial year 2020. During this time period, Payments Banks witnessed a 46% on-year increase in their revenues.

Payments Banks focusing on increasing volumes, touchpoints with customers and cross sell to turn profitable

While Payments Banks in India cumulatively are not profitable, PayTM Payments Bank and the Bank are having profitable operations. The Bank turned operationally profitable in the fourth quarter of financial year 2020 and remained profitable in subsequent quarterly periods. Payment banks are leveraging their strength to reach out to their core customer base, enhance volumes and turn profitable.

The Bank is also looking to utilise its distribution network to reach customers and now cross sells third party gold loans and insurance on behalf of various third parties. It has also leveraged its capability to manage bulk and retail cash on behalf of various MFIs and NBFCs, which has increased its CMS business.

With credit penetration as well as the penetration of insurance and mutual funds still at a very low level, cross sell to retail unserved and/or underserved customers remains an attractive opportunity for Payment Banks. For example, although mutual fund penetration (mutual fund AUM as a percentage of GDP) has grown from 8.7% in financial year 2002 to ~10.9% in financial year 2020 and at ~12.1% as of December 2020, penetration levels remain well below those in other developed markets, which presents an opportunity for payments banks to cross sell investment products to customers in rural and semi-urban areas. Similarly, India's insurance penetration (premium-to-GDP) is significantly low at 3.8% as compared to many developed economies such as the US (11.4%) and the UK (10.3%) and also lower with respect to key emerging economies such as Brazil (4.0%) and China (4.3%)

Mutual fund penetration in India is lower as compared to other countries

India's mutual fund penetration (AUM-to-GDP) is significantly lower than the world average of 63% and also lower than many developed economies such as the US (120%) and the UK (67%) and key emerging economies such as Brazil (68%).

Peer Comparison of Payments Banks

In this section, CRISIL has compared various payment banks operating in India on the basis of publicly available information.

India Post Payments Bank had the highest number of branches (650), followed by the Bank (54). PayTM Payments Bank had the highest quantum of deposits amongst payment banks, with deposits of ₹ 34.5 billion as of March 2021, followed by India Post Payments Bank. The higher quantum deposit for India Post Payment Bank is on account of its large network of functioning offices. Fino Payments Bank also has the second largest network of banking touchpoint at 0.72 million after PayTM Payments Bank at 21 million.

Peer comparison (FY2021)

Players	Deposits (in ₹ billion)	Net worth (in ₹ billion)	CRAR (%)	Branches**	Banking touchpoints (in million)
PayTM Payments Bank*	34.5	4.8	62.4*	6	21#
India Post Payments Bank*	8.55	5.7	79.2	650	0.14
Airtel Payments Bank*	5.96	3.2	90.2*	31	0.5^
Fino Payments Bank	2.51	1.5	54.84	54	0.72
Jio Payments Bank*	0.17	1.3	2,347	9	NA
NSDL Payments Bank*	0.07	1.4	230	1	NA

*Note: * Data is for FY20; ** Data is for 9MFY21; ^ Data is for Q1FY22, #Includes in-store and online merchants, Table is arranged based in decreasing order of Deposits*
Source: Company Website, Company Reports, CRISIL Research

Operational performance of payments banks

The table below shows the transaction done on cards issued by payments bank at ATMs and POS as of the period indicated.

Volume and Value of transactions and card issued (April 2021 to August 2021)

Players	Debit cards outstanding (in million)	Value of transaction at ATM & POS (in ₹ billion)	Volume of transaction at ATM &POS (in million)
PayTM Payments Bank	66.06	36.44	18.10
India Post Payments Bank	2.22	0.84	1.42
Airtel Payments Bank	1.97	1.70	1.83
Fino Payments Bank	2.88	11.81	4.43
NSDL Payments Bank	0.18	0.07	0.10

Note: Data for value and volume of transactions includes transaction done through both ATM & POS (April 2021 to August 2021)
Source: RBI, CRISIL Research

* *We report value of transactions and volume of transactions at ATMs and POS to the RBI in accordance with the RBI card statistics reporting requirements. The data that we report to the RBI differs to the data that we use internally to understand and assess our business operations. This is because our internal data relating to debit card transaction count and volume includes all "on-us" transactions (where the Issuing bank and Acquiring bank are same) as well as "off-us" transactions (where the Issuing bank and Acquiring bank are different), whereas the data reported to the RBI only includes "off-us" transactions, which is in accordance with such requirements.*

Volume and Value of transactions and card issued (Financial Year 2021)

Players	Debit cards outstanding (in million)	Value of transaction at ATM & POS (in ₹ billion)	Volume of transaction at ATM &POS (in million)
PayTM Payments Bank	63.77	84.53	46.06
India Post Payments Bank	1.11	0.37	0.70
Airtel Payments Bank	1.72	2.69	4.46
Fino Payments Bank	2.26	17.12	6.91
NSDL Payments Bank	0.1	0.1	0.20

Note: Data for value and volume of transactions includes transaction done through both ATM & POS
Source: RBI, CRISIL Research

* *We report value of transactions and volume of transactions at ATMs and POS to the RBI in accordance with the RBI card statistics reporting requirements. The data that we report to the RBI differs to the data that we use internally to understand and assess our business operations. This is because our internal data relating to debit card transaction count and volume includes all "on-us" transactions (where the Issuing bank and Acquiring bank are same) as well as "off-us" transactions (where the Issuing bank and Acquiring bank are different), whereas the data reported to the RBI only includes "off-us" transactions, which is in accordance with such requirements.*

Product mix of various payments banks

The table below details the products and services being offered by various payment banks in India. Apart from the offering a suite of products and services to customers in the hinterland, Fino also acts as a correspondent for partner banks and enables digital financial transactions for customers at the bottom of the pyramid on behalf of various banking partners.

Banks generally levy charges to customers for a non-maintenance of minimum balance on a monthly or quarterly basis. Other charges such as SMS or debit card charges are also levied to the customer on an annual or monthly or quarterly basis. Subscription based accounts are those wherein charges are paid by the customer for availing a savings account with no minimum balance requirement and where they also obtain a debit card and SMS facilities on payment of an annual subscription fee. These accounts provide free transaction limits (cash deposits, cash withdrawals, debit card withdrawals and fund transfer charges) on a monthly basis, post exhaustion of which only the transaction fees will be levied to the customer.

In July, 2020, the Bank also launched a new product – Bhavishya, a subscription based savings account for minors in the 10-18 years age bracket to make children banking ready and inculcate a savings habit. The product is targeted at capturing rural population in the early stages of their financial journey and as they become adults, account holders could plan their financial goals in a much better way. The annual subscription charges for the account stand at ₹ 349 annually (inclusive of GST). The Bank is the only bank to offer a subscription-based savings account in India.

Product wise comparison

Products	Fino Payments Bank	Airtel Payments Bank	India Post Payments Bank	PayTM Payments Bank	NSDL Payments Bank
Savings & Current A/C	✓	✓	✓	✓	✓
Sweep Account Facility	✓	✗	✓	✓	✗
Mobile Wallet	✓	✓	✗	✓	✗
Debit Card	✓	✓	✓	✓	✓
Payments	✓	✓	✓	✓	✓
CMS	✓	✓	✓	✗	✗
Insurance (third party cross sell)	✓	✓	✓	✗	✓
Doorstep Banking	✓	✓	✓	✓	✗
BC Business	✓	✗	✗	✗	✓

Source: Company Website, CRISIL Research

Business segment wise comparison

Products	Fino Payments Bank	Airtel Payments Bank	India Post Payments Bank	PayTM Payments Bank	NSDL Payments Bank
CASA Business	Savings and Current A/C, Sweep Account	Savings and Current A/C	Savings and Current A/C, Sweep Account	Savings and Current A/C, Sweep Account	Savings and Current A/C
Remittance	Mobile Wallet, Money Transfer	Mobile Wallet, Money Transfer	Money Transfer	Mobile Wallet, Money Transfer	Money Transfer
POS/Payments	Debit card	Debit card	Debit card	Debit card	Debit card

Products	Fino Payments Bank	Airtel Payments Bank	India Post Payments Bank	PayTM Payments Bank	NSDL Payments Bank
Cash Management Services	Cash collection	Cash collection	Cash collection	NA	NA
Financial Product Distributor	Insurance	Insurance	Insurance	NA	Insurance
Banking Service	Door step Banking and Business Correspondent	Door step Banking	Door step Banking	Door step Banking	Business Correspondent

Source: Company Website, CRISIL Research

Point of Sale (POS) Market

POS market overview

PoS terminals are devices typically used at a retail location to capture payment information electronically and - in some cases - on paper vouchers. These terminals are setup by acquirers and may accept payment through cards, or other means. PoS terminals are also used for cash withdrawals using debit cards / open loop prepaid cards issued by banks. The limits for such withdrawal are up to ₹ 1,000 per day in Tier I and II centres and up to ₹ 2,000 per day in Tier III to VI centres. Customer charges, if any, on such cash withdrawals are not more than 1% of the transaction amount.

In India, there were 4.7 million PoS terminals and 0.24 million ATMs deployed across the country as on March 31, 2021. As of August 2021, there were 4.75 million POS terminals in India. ATMs and PoS terminals have grown at a CAGR of 4% and 28%, respectively over the past five years.

India still lags behind in terms of PoS penetration despite high growth in deployed PoS terminals

Over the last six years, India has made considerable progress with reference to the absolute number of PoS terminals deployed in the country. However, the number of people served per PoS terminal continues to be high at 287 as of financial year 2021. Compared to other countries, India still has the highest number of people served per PoS terminals, which indicates enormous untapped potential for PoS terminals in the country. Moreover, most of the PoS terminals are located in large urban cities, while in rural areas and smaller districts the penetration of PoS terminals is far lower.

Private sector banks have the lion's share of the PoS market; Payments Banks are increasing their presence

As of August 2021, private banks account for majority of the PoS devices installed in India with 67.7% share followed by public sector banks (25.5%). Payments banks have also started penetrating this market by increasing their market share from 0.3% as of March 2019 to 5.7% as of August 2021.

Share of various bank groups in deployed PoS terminals (as of March 2021)

Bank group	Number of PoS terminals	Market Share
Private Banks	3,215,369	67.7%
Public Sector Banks	1,209,936	25.5%
Payments banks	272,691	5.7%
Foreign Banks	42,797	0.9%
Small Finance Banks	6,767	0.1%
Total	**4,747,560**	**100.0%**

Source: RBI, CRISIL Research

Retail industry provides huge potential for growth of PoS market in India

Retail industry deploys the highest proportion of PoS terminals in India. Share of digital payments in overall retail industry is estimated to be in the range of 13-18% as of financial year 2021. Within the retail industry, organised retail industry is growing at a fast pace especially in urban areas which has also led to faster growth in PoS transactions. In financial year 2021, organized retail industry is estimated to account for only 12% of overall ₹ 56 trillion retail market. CRISIL estimates that 25-30% of the transactions (in value terms) at a pan-India level currently take place through digital payment modes in the organized retail segment. The corresponding percentage is estimated to be much higher at 55-60% for the e-commerce industry. With the expected increase in organized retail penetration in the country and adoption of e-commerce as well as an increase in the proportion of digital payments, both these segments will contribute to PoS market growth.

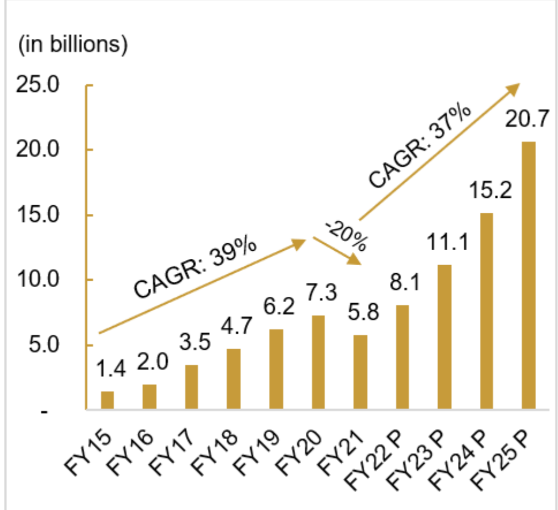
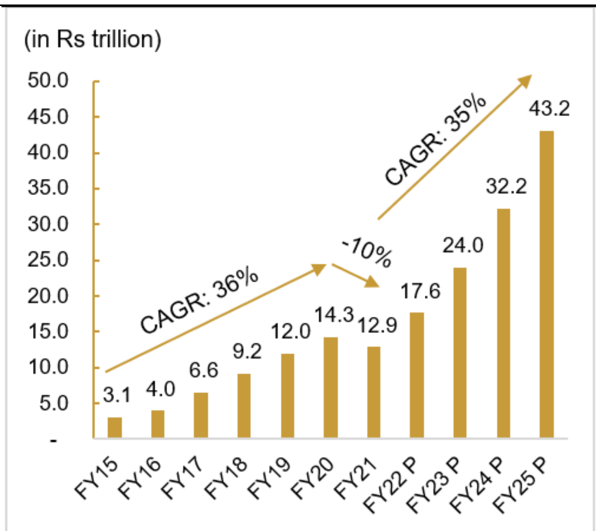
Movement towards online plus offline (O+O) in retail industry to also create growth opportunities

Besides increase in the proportion of digital transactions in the retail industry, CRISIL also foresees increasing opportunities due to increased emphasis on online plus offline play, more popularly known as O+O. This trend will be influenced by technological progress, changes in customer behaviour, and entry of new consumer brands in the market place.

O+O refers to business models wherein online vendors are increasingly looking at creating a physical presence for customer fulfilment and physical stores are developing an online presence in order to attract customers. This encompasses in-store pick up of items purchased online, allowing items purchased online to be returned at a physical stores and allowing physical store customers to place orders online through appropriate technology interventions

Transactions growth to be driven primarily by increase in PoS terminals

Between financial year 2015 and 2020, transaction volume and value has grown at a 39% and 36% CAGR respectively. However, the majority of this growth came immediately after demonetisation in financial year 2017. In financial year 2021, the transaction volumes and value for POS declined by 20% and 10% respectively. However, with economy opening up, CRISIL expects the transaction volumes to grow at 37% CAGR from financial year 2021 to financial year 2025 to reach 21 billion transactions through PoS terminals. Transaction value is expected to grow at 35% CAGR over the same period to touch ₹ 43 trillion. Expected increase in PoS terminals along with improvement in credit and debit card penetration and changing consumer behaviour are key factors that will support the growth in transactions through PoS.

PoS transactions to grow at 23% CAGR over financial year 2020 to financial year 2025…	…leading to a growth of 25% CAGR in value of PoS transactions
	

Source: RBI, CRISIL Research

Growth drivers

Higher Debit card usage: With increasing financial literacy and acceptance of payment infrastructure, usage of debit cards is expected to improve which will lead to growth in transactions.

Increase in Credit card penetration: As of August 2021, there are only 64 million credit cards outstanding, leading to a credit card penetration of only 4.7% in India. With growth in the number of credit cards issued, PoS transactions would also witness a concurrent increase as more than 50% of credit card transactions occur through PoS terminals.

Changing consumer behavior: With increasing push from government towards digital payments, the consumer behavior towards the same has also been evolving. After demonetization, consumers started adopting these modes of payment and have gained confidence in transacting digitally. COVID-19 pandemic has also given a further impetus to consumers for transacting digitally.

Growth, on the supply side, in PoS terminals will be primarily driven by the following factors:

Regulatory push through PIDF: In January 2021, RBI announced the creation of Payment Infrastructure Development Fund (PIDF) to boost digital payments in Tier 3 cities and Tier 6 cities. This fund will be used to subsidize banks and non-banks for deployment of payment infrastructure for those merchants, who still don't have access to POS machines. This move is also expected to encourage deployment of point of sale infrastructure, improve digital payments and provide better access of financial services in under penetrated or unpenetrated areas.

Changing merchant mindset: The retail merchants are making attempts to attract customers and enhance customer experience by offering flexible payment solutions (such as buy now pay later) through the PoS terminal. This shift in the retailer or merchant mind-set is expected to increase the acceptance of payment infrastructure leading to growth in PoS terminals.

Emergence of newer technology: With introduction of newer payment methods such as Near Field Communication and QR codes based systems in India, the PoS segment is also evolving with improved technology usage to accommodate these newer methods of payments. Along with technology upgrade, the players in the industry are also working towards making technology affordable.

Domestic Remittances

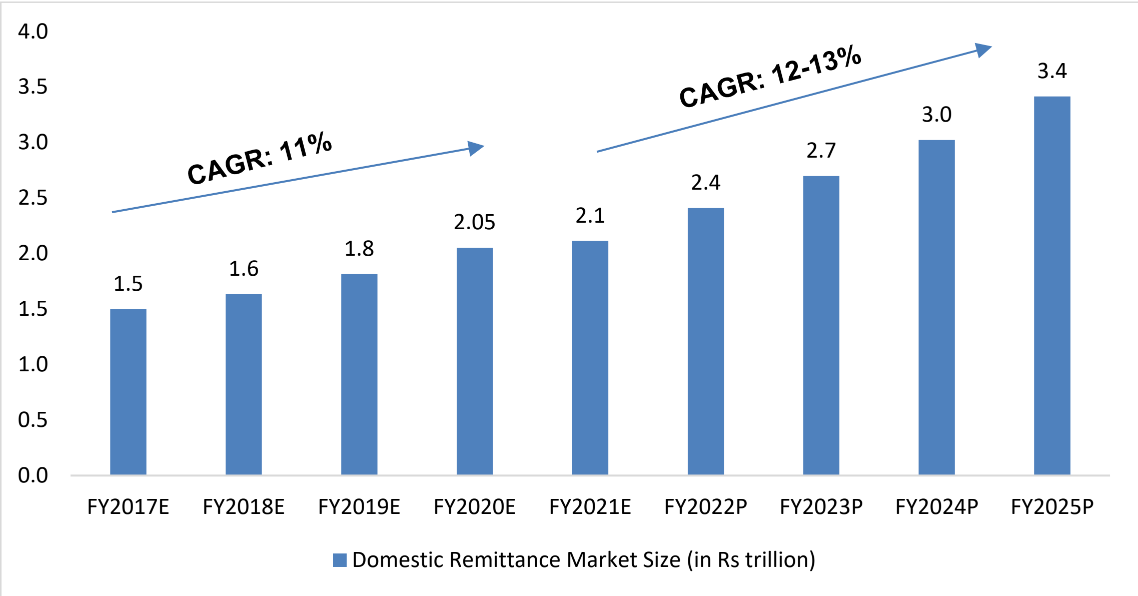
Overall Market Size

Domestic remittance transfers predominantly refers to migrant workers sending money from the places where they work to their homes in other states/regions for meeting the needs and day-to-day expenses of their family members. As the urban population in India has consistently been increasing, CRISIL is witnessing an increasing trend of migration from villages and smaller semi-urban areas to larger cities and towns As per the census 2011 data, India had 456 million migrants (38% of the total population) as compared to 307 million migrants (30% of the total population) in 2001. The number of migrants who moved from rural to urban areas also increased from 52 million in 2001 to 78 million in 2011, leading to a rise in share of rural to urban migrant in the population from 5.1% in 2001 to 6.5% in 2011. The number of migrants in the total population is expected to have further increased over the last decade, leading to strong growth in the domestic remittances market.

CRISIL estimates the total domestic remittances market to be just a shade over ₹ 2 trillion in financial year 2020. Between financial year 2017 and 2020, this trend in migration of population has continued, leading to an 11% CAGR growth in the domestic remittance market from ₹1.50 trillion in financial year 2017 to ₹ 2.05 trillion in financial year 2020.

Going forward, CRISIL expects remittances to gradually increase as the economic situation comes back to normal in financial year 2022. In the long term, digital India and financial inclusion initiatives in the country is expected to support remittances growth, with more and more people availing remittance services for funds transfers to remote areas. CRISIL projects the market to touch ₹ 3.4 trillion by financial year 2025, translating into a ~12-13% CAGR in remittances during financial year 2020-25, notwithstanding the small blip in growth in financial year 2021 wherein the market was expected to be ₹ 2.10 trillion.

Domestic remittance market to grow at a 12-13% CAGR between financial year 2021 and financial year 2025



Note: E: Estimated, P: Projected

Source: Economic Survey 2017, CRISIL Research

Growth drivers

Urbanisation and migration of population to urban regions to drive growth

As per the 2018 revision of World Urbanization prospects, the proportion of urban population in India was estimated at 34% as of 2020. This is expected to reach 37% by 2025, which will drive growth in the domestic remittances market in the times to come.

Improvement in financial system infrastructure to drive remittances

According to the G20 National Remittance Plans of 2019, India is committed to increase remittances market competitiveness, improve financial infrastructure and pursue policies to reduce remittance rates. Thus, the government is expected to continue to focus towards deepening of financial infrastructure in the remote parts of the countries through product innovation and harnessing of new technologies, which is expected to enhance the outreach of payments systems.

Emphasis on DBT by the government

The transfer of government subsidies and payments directly into the bank accounts of beneficiaries has helped cut out middlemen and enable better targeting of subsidies. The DBT scheme has achieved greater effectiveness with the help of Jan Dhan accounts. The government is targeting to bring all government schemes gradually under the ambit of DBT, which will cut leakages and improve the transparency in the system. Customers availing of government subsidies, on their part, will be required to avail of remittance services to withdraw funds deposited into their accounts instead of relying on unorganised middlemen.

Growing BC penetration and emergence of newer channels for remittance

The channels use for remittance vary largely as companies use channels like NEFT, IMPS, RTGS, PPIs and new modes of payments like NPCI's enabled AePS. Much of the domestic remittance in India currently happens through agents or touchpoints who acts as BCs for banks and provide a range of basic banking services. As more and more payment based fintechs are entering the industry, digital wallets are increasingly becoming popular for P2P transactions.

Revenue model of service providers in the remittance business

The revenue source for the DMR providers is primarily dependent on the volume of transaction. They earn a fee, which is paid by the sender. The domestic remittance charges are set as an absolute amount, which varies across different slabs of amount transferred. Overall, as a proportion of the amount remitted, the charges vary between 0.5% - 1.0% of the fund transferred. The scale of operations of the DMR providers, availability of touchpoints, trust and convenience offered to the customer is also forms a critical part of the remittance business.

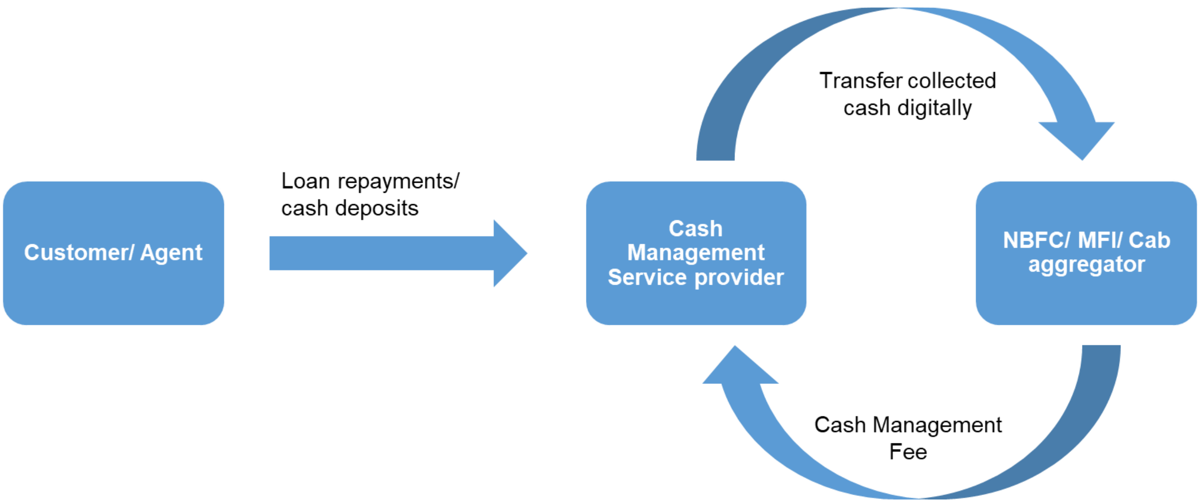
Cash Management Services (CMS)

CMS market overview

A CMS is an automated cash management solution that help in managing the inflow and outflow of cash. Players in this industry have leveraged their deep distribution network in under banked regions to develop a cash management system for periodical (e.g.: monthly / quarterly) collection of cash for NBFCs/ MFIs/ Cab aggregators. The CMS enables faster realisation of funds at a reduced cost for these NBFCs / MFIs and customers to easily deposit their periodical repayments/ EMIs. By providing additional services like cash withdrawals, remittances and payments along with cash management services, the CMS providers balance their cash flows. In an ideal model, cash-in equals cash-out and the cash flows are perfectly balanced. For example, for the Bank, the CMS business helps complement the merchant led digital banking model where micro-ATM and AePS services form the cash-out aspect of the business and CMS forms the cash-in aspect of the business.

This cash management fee forms the revenue for CMS providers. The cash management charges are estimated to be in the range of 0.5-1.0% of the collections amount.

Typical cash management transaction

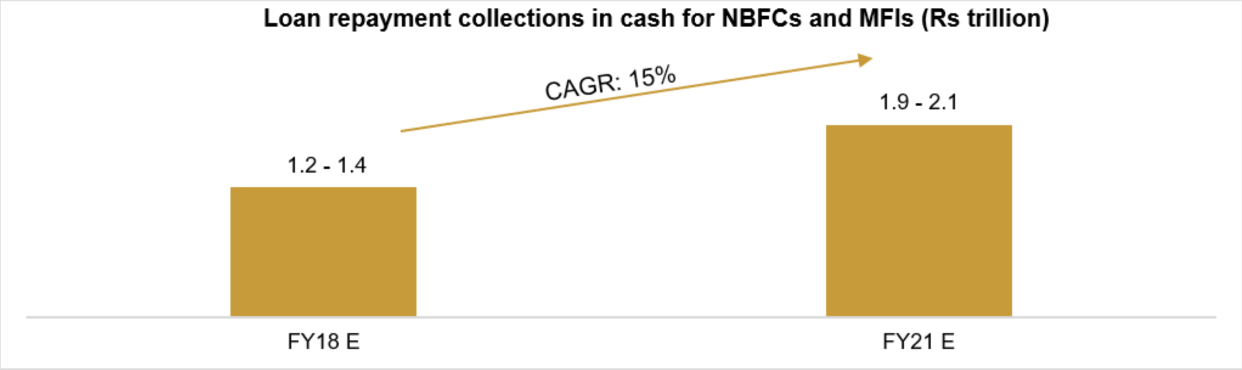


Source: CRISIL Research

A strong network of retailers act as touchpoints for collection of EMIs and helps CMS providers to service NBFC/ MFIs who do not have such extensive reach. Players are also using this business model to service cab aggregators, where the cab drivers may need to deposit the cash payments earned by them.

High proportion of cash based repayments of MFIs and NBFCs will support CMS growth

While adoption of digital payment modes has been increasing in the country, the semi-urban and rural areas are still quite underpenetrated as far as digital payment modes are concerned, owing to lack of awareness and lower literacy levels leading to higher cash intensity. NBFCs and MFIs focused towards these geographical segments and those targeting customers with relatively poor financial literacy therefore deploy collection agents and/or deploy their own teams to collect repayment of loans due from their customers.



Source: CRISIL estimates

Significant potential for CMS providers in the MFI partner segment

The microfinance industry focuses on the rural customer segment extensively. As of March 2021, 71% of the loan outstanding of MFIs was accounted for by rural customers (Source: Sa-Dhan Quarterly MF report (Q4-FY21)). Total loan outstanding of the microfinance industry was ₹ 2,593 billion (excluding SHG) as of March 2021 with NBFC-MFIs accounting for 32% of the loans. Considering the customer profile that these MFIs cater to, maintaining the asset quality of the portfolio is one of their primary focus areas and hence repayment collections is a significant area of operations.

Thus, there exists significant potential for the CMS providers to process these repayment transactions digitally and cater to the requirements of MFIs.

NBFCs penetrating deeper into semi-urban and rural segments to drive CMS growth

The top 50 districts in the country, which can be considered as metro and urban areas, are estimated to account for 50-55% of the retail credit of NBFCs as of financial year 2021. These top 50 districts contribute to 24% of the population. The remaining 45-50% NBFC retail credit is across the remaining districts, which are relatively lesser penetrated in terms of financial services. Increasing penetration of financial services in rural and semi-urban areas will support the credit growth in these areas going forward.

CRISIL estimates the proportion of cash repayments in the overall retail credit collections of NBFCs to be in the range of 25-30%, which provides potential for CMS providers to grow their business and cater to NBFCs focussed on these retail loan segments.

Lower bank branch penetration also to drive growth for CMS providers

Bank branch penetration is low in India compared to other countries. This causes an inconvenience to customers of MFIs and NBFCs to deposit their repayments/ EMIs to bank branches, especially in rural areas where electronic and digital modes of payments have very low penetration. CMS providers, who operate through a wide network of retailers or kirana stores, offer a convenient mode of transaction for these customers.

In India, there is a huge gap in bank branches serving rural areas and urban areas. In rural areas, the number of bank branches per hundred thousand population is only six compared to the 23 in urban areas. CMS providers, through wide reach and presence, are trying to capture this untapped potential.

In India, various players in the financial services industry provide CMS including commercial banks, Payments Banks and CMS service providers who also operate as a business correspondent. Payment Banks and CMS providers acting as business correspondents are mainly involved in cash collection services for NBFCs and MFIs through EMI collection at touchpoints. Some of these players also offer cash collection services to cab aggregators or food aggregators.

AePS / Micro-ATM

Overview

AePS is a bank led model that uses Aadhaar authentication to allow interoperable transactions at micro-ATMs / POS terminals which was launched in 2016. Under this system, Aadhaar number is used not only to identify the beneficiary but also authenticate transactions. The financial service offered through AePS include cash withdrawal, cash deposit, balance enquiry, Aadhaar to Aadhaar fund transfer.

Micro-ATM is a portable device used by a merchant or a business correspondent to connect to his/her bank, authenticate customers and perform transactions. Although it is called micro-ATM, it does not have cash storage or dispensation facilities. The cash balances are reflected online but physical cash is deposited with or handed out by the merchant or a BC. The advantages of using a micro-

ATM is that its cost of deployment is low as compared to a normal ATM and it is an interoperable device which can work with any bank.

AePS transactions grew by 92% in financial year 2021 to touch ₹ 2,286 billion

Over the past few years, AePS transaction over MICRO-ATM has witnessed a strong growth, with transaction volumes increasing at a CAGR of 178% between financial year 2017 and financial year 2021. In terms of value, it has increased at a CAGR of 216% during the same period. The micro-ATMs have added impetus to the financial inclusion efforts as the banks can rely on the micro-ATM infrastructure to reach the unserved and under-banked regions of the country, thereby allowing the customer to access secured banking facilities at their doorsteps. The micro-ATMs deployed in the country have also increased at a fast rate to reach 0.49 million as of August 2021 from 0.28 million as of May 2020.

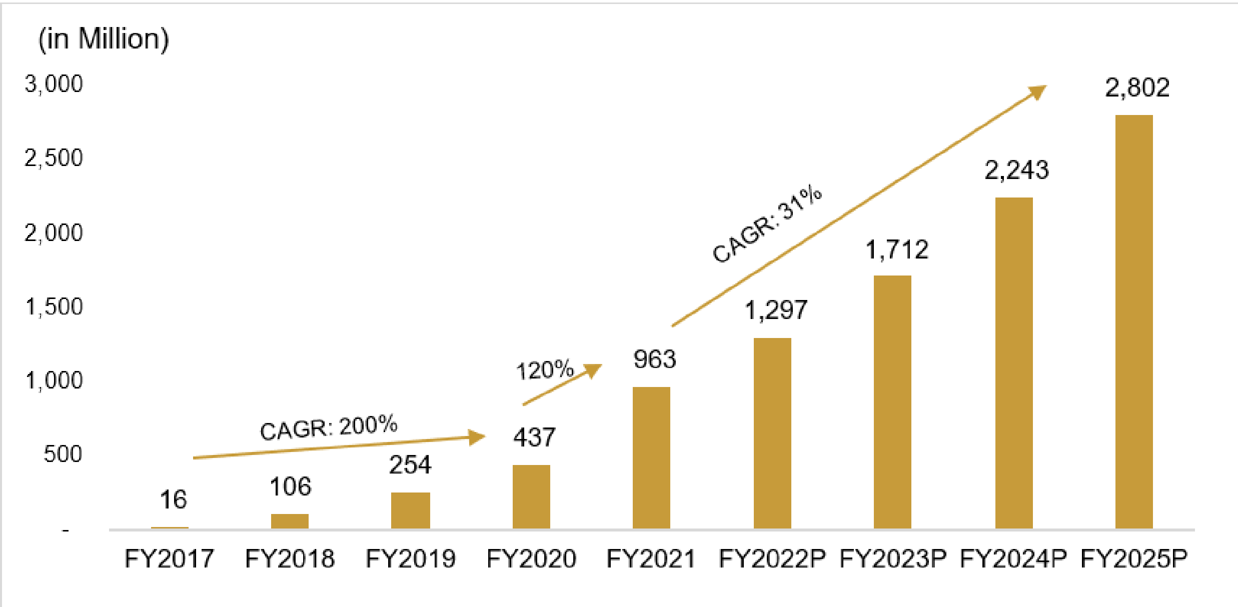
In April 2020, AePS transaction volume and value increased by over 150% and 45% over March 2020. This indicates that the outreach of the BC and micro-ATMs payment mechanism spread widely during and post the lockdown in the rural areas of the country. DBT Schemes announced by the central government has also encouraged the rural populace to actively avail services to receive the cash supports transferred to their Aadhaar linked banked accounts. Further, the support from telecom operators to setup AePS infrastructure for last mile connectivity of BCs and micro-ATMs boosted enrolment numbers for use of AePS transactions.

In the month of January 2021, AePS transaction value stood at ₹ 220 billion as compared to ₹ 147 billion in April 2020 and ₹ 199 billion in June 2020, which indicates that customers enrolled in AePS ecosystem continue to avail AePS service in greater measure and this is expected to drive growth in the coming years. Cumulatively, in financial year 2021, AePS transactions (in value terms) rose by 92% to touch ₹ 2,286 billion as compared to the same period last year. In the first half of financial year 2022, AePS transactions volume has reached 534 million, registering a 2% growth as compared to same time in the last financial year. AePS transaction value have also witnessed a growth of 35% to reach ₹ 1,455 billion as compared to ₹ 1,077 billion in the first half of financial year 2022.

AePS transactions value to jump five-fold between financial year 2020-25

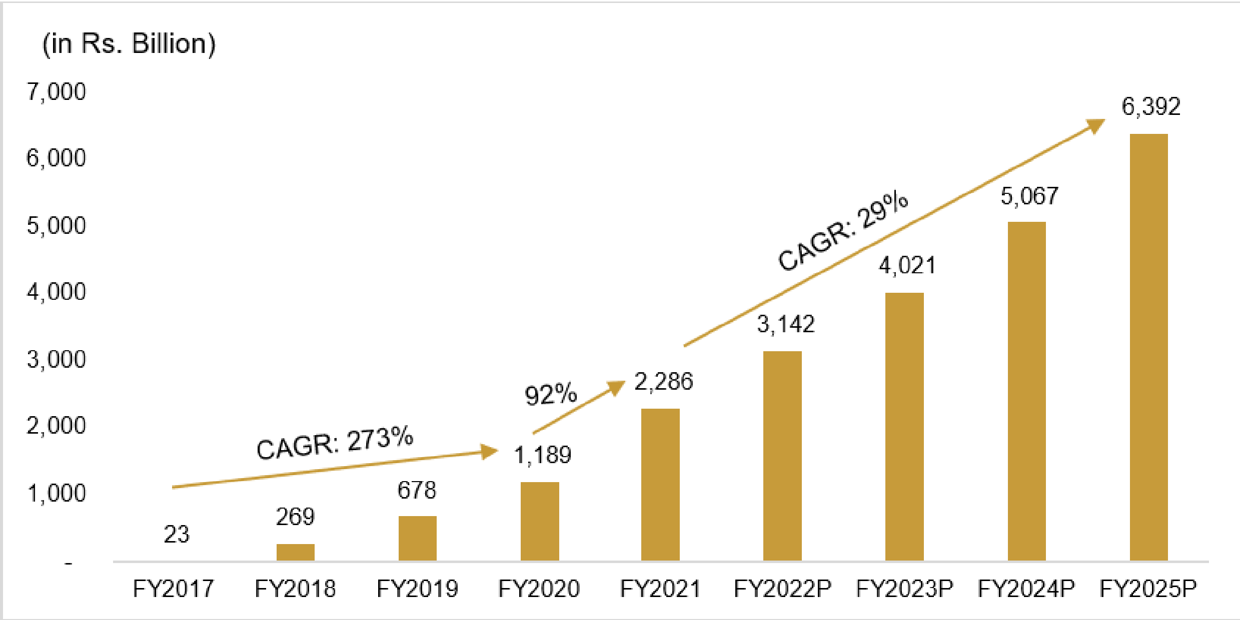
Going forward, CRISIL expects AePS transactions volume and transactions value to grow at a 31% and 29% respectively between financial year 2021 and financial year 2025. Consequently, AePS transactions value are projected to touch ₹ 6.4 trillion by financial year 2025. The growth will be driven by increasing BC and micro-ATM penetration to reach the remote regions of the country. Further, development of new use-cases and adoptions of steps such as biometric and iris authentication to curb transaction failures are also expected to drive transaction volumes and value in the coming years.

AePS transactions volume to grow at 31% CAGR between financial year 2021 and 2025



Note: P: Projected
Source: NPCI, CRISIL Research

AePS transactions value to grow at 29% CAGR between financial year 2021 and 2025



Note: P: Projected
Source: NPCI, CRISIL Research

Growth Drivers

Under penetration of ATMs in rural areas presents a big opportunity for micro-ATMs

According to *"Report of the Committee to Review the ATM Interchange Fee Structure*" by RBI, the ATM access in India lags most of the emerging markets and large economies like Russia, China, South Africa, US, UK, etc. with only 21 ATMs being available per 100,000 adults in the year 2019. While the overall ATM access in India is low, the ATMs are also unevenly deployed across rural and urban areas. Close to 65% of population live in rural areas but only 20% of ATMs are deployed in rural centres and rest being in metro, urban and semi-urban centres. Thus, there is a huge requirement for ATM deployment in India to make it accessible to masses and make it even more available in semi-urban & rural centres where it is highly underserved.

New use cases and increasing transaction efficiency to maintain momentum for AePS transactions

AePS dominates rural geographies with high dependence on cash-in cash-out transactions from bank and remittances. In the second quarter of financial year 2021, it emerged as a critical cash-out medium for migrants, workers and other informal sector workers. Going forward, CRISIL expects increasing use cases of the micro-ATMs and AePS for utility bill payments and insurance premium payments in the rural areas as adoption of Iris and face biometrics increase to curb transaction failures.

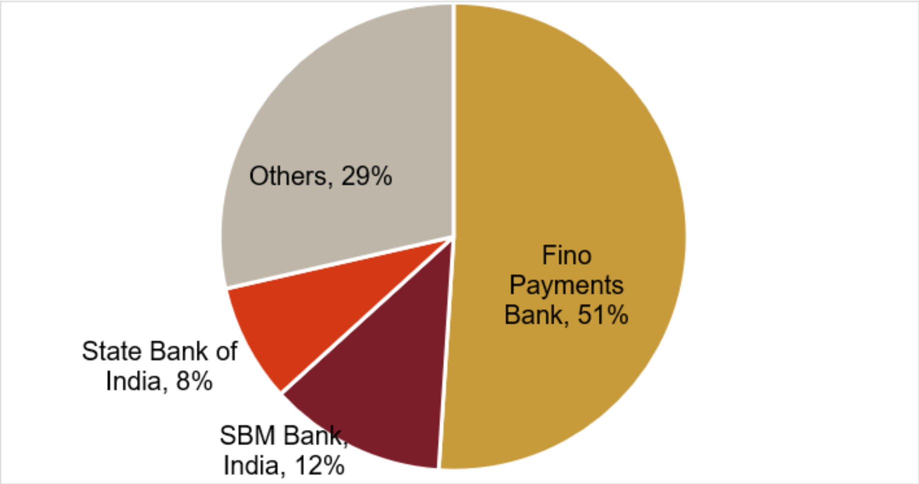
Increasing BC penetration to drive AePS transactions over micro-ATMs

According to National Strategy for Financial Inclusion (NSFI) for the period 2019-2024, RBI has come up with a slew of measures such as introduction of pilot Centres for Financial Literacy (CFLs) to strengthen financial literacy and training programmes for skill up-gradation for performance of BCs for effective delivery of financial services. Continued focus of the Central government and RBI on digital payments using Aadhaar to authenticate transactions over micro-ATMs and business correspondent outlets is expected to fuel the growth for AePS transactions in the coming years.

Competitive landscape

As of August 2021, there were 0.49 million micro-ATMs deployed in India. With 0.25 million devices being deployed by the Bank, it has the largest network of micro-ATMs in India. As of August 2021, about 51% of the micro-ATM deployed in India is from the Bank followed by SBM Bank (12%) and State Bank of India (SBI) at 8%

Player wise share of micro-ATMs (as of August 2021)



Note: Others include data for all banks excluding Fino Payments Bank, SBI and SBM Bank
Source: RBI, CRISIL Research

Revenue model for service providers

The micro-ATM service providers provide payment solution to the retailers to manage all forms of payments, including debit/credit cards, Bharat QR code, Aadhaar Pay and UPI. The retailers provide a one-time fee to the service providers for procurement of devices and a transaction processing fee to micro-ATM/AePS service providers. In addition, some micro-ATM/AePS service providers also earn a transaction processing fee from partners who use their API for facilitation of transactions. The cost for owning a micro-ATM/POS machine ranges between ₹ 3,000 – ₹ 5,000 for the retailers, whereas other high-end POS terminals price ranges between ₹ 10,000 – 15,000. The transaction charges range between 0.25-0.40% of the transaction amount, which is paid to micro-ATM service provider.

Banking technology solutions

API Landscape

An API is primarily a development tool that essentially bridges a gap between digital services, thereby allowing one application to access information or capabilities of another. Organizations are increasingly using APIs to build an ecosystem involving various partners to unlock new value for their businesses.

Key technologies shaping fintech

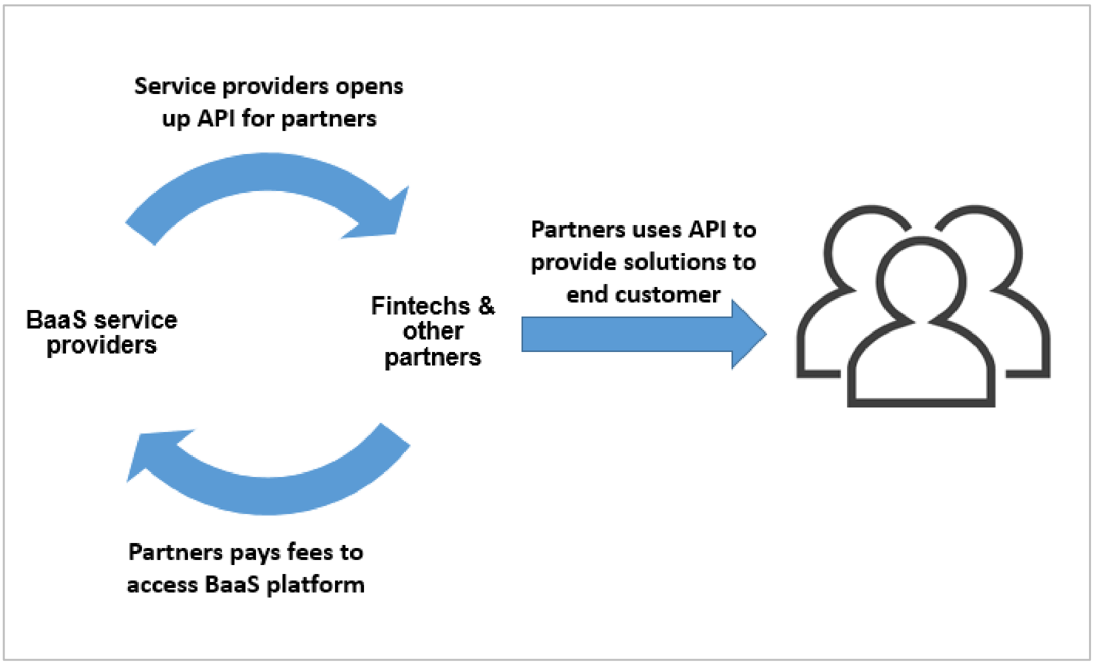
Technological developments and continuous progress in the maturity of technologies has helped shape up the fintech market. API standards, for instance, have enabled different pieces of software from different financial players to interact and exchange data in a secure environment, enabling comparisons and more competition. APIs are the main reason that startups are able to build their products faster.

These open banking integrations have also brought digital inclusiveness to smaller towns and rural regions, and enhanced the awareness and relevance of banking services and products for rural India.

Given the wide market expanse and the diversity of customer base, there exists considerable opportunity for players to work on new use cases targeting specific segments – for example, unserved and underserved segments. Fino Payments Bank, for example, offers APIs to BCs that enables them to provide services to their customers in semi-urban and rural areas in a cheaper and faster manner.

The banking as a service (BaaS) model begins with a third-party service provider paying a fees to a financial institution, who opens its API to the new fintech/third-party provider, thereby granting access to systems and information that will be necessary to build a new financial or banking product for the end consumer.

Banking as a service (BAAS) business model



Source: CRISIL Research

Growth Drivers

Focus on creating differentiated user experience to boost usage of APIs

Companies are employing responsive websites, interactive mobile applications and other user friendly digital interfaces to enhance their interactions with customers. API capabilities allow the fintechs and other partners to implement newer ideas arising from design thinking for providing services such as payments, mobile wallets and collections. This ensures they are able to provide various services under a single platform to their customers, thereby enhancing the experience and also aiding in customer stickiness.

Newer business use cases and ease of access to drive growth for API providers

APIs enable companies to leverage the capabilities of other organizations, thereby reducing their cost of owning the technology and applying resources for maintenance. Continued growth of this asset light model to build businesses around APIs rather than rebuilding it from scratch will drive growth for the API service providers.

Essentially, APIs can provide the rails on which fintechs and other incumbents can build new-use cases keeping in mind their target customer segment. CRISIL believes that platform centric models, which run through APIs, will continue to gain traction with potential API customers preferring agile and asset-light business models, while enhancing focus on offering relevant solutions to customers.

Peer Benchmarking

The banking and payments landscape in India is evolving at a rapid pace with the emergence of new players such as:

- Small finance banks and payment banks that offer a host of solutions to their target customers which includes underserved and unserved people in rural and semi-rural areas of India.
- Infrastructure solutions providers such as PoS and payment gateway companies looking to provide a host of value added services such as buy now pay later (BNPL) solutions, working capital loans and other value added services including customized / small ticket size products to attract middle-income / lower middle-income class on their platforms.
- Pure play payment and remittance companies looking to top up their payment offerings with other solutions such as credit and investment solutions.
- Neo banks attempting to tap niche customer segments such as MSMEs.
- BaaS and API focused players providing the infrastructure that enables their customers building new products for specific use cases to integrate with licensed banks, NBFCs, and fintechs

Indian Peers

Players in Payments and Remittance Business

Company Name	Year of Inception	Company Overview						
Bharat Pe (Resilient Innovations Pvt. Limited)	2018	BharatPe is an offline acquirer of merchants providing a QR code for UPI payments, POS machine for card acceptance, and loans to small merchants. The company's mobile application is a full-stack service app for merchants across small and medium businesses, offering loans, investments, insurance and other financial services. The company revenue stood at ₹ 129 million in its first year of operation (financial year 2020). **Operational Data*** Merchants: 5 million+ Transaction value: US$7 billion (Annualized), Transaction Volume : 50 million+ (Monthly) POS machines deployed: 35,000+ (YTD since July 2020)						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	7,761	129	NM	-2,155	-2,162	-1,669%	-1,675%	-28%
BillDesk (IndiaIdeas.com Limited)	2000	BillDesk is an online payment gateway company owned by IndiaIdeas.com Ltd offering billers, banks and customers a comprehensive bill presentment, payment and management service. The company provides payments platform for enterprise wide electronic payments and collections, related reconciliation and settlement operations across multiple delivery channels and wide range of payment methods. Its technology, payments services and its processing network are used by many organizations across diverse industry segments such as, banking, financial services, telecom, insurance, utilities, education, entertainment and e-commerce businesses.						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	21,850	14,389	30%	3,277	2,315	23%	16%	11%
2019	19,544	11,077	19%	2,448	1,519	22%	14%	10%
2018	12,027	9,293	15%	2,231	1,303	24%	14%	11%
Infibeam Avenues Limited	2007	Infibeam operates an online payment system with technology platform solutions. The company operates as a payment processor for online merchants, websites and commercial users for which it charges a fee on successful transactions. Infibeam's payment system, CCAvenue, provides nearly 250 payment options in India, processing payments across 27 international currencies that enables online and mobile payments for merchants. Infibeam also provides a host of services like money transfer, recharge, travel, insurance, cash collection, prepaid cards, AePS and BBPS through various platforms such as the Government e-Marketplace (GeM), Bharat Bill payment services (BillAvenue) and hospitality solution (ResAvenue), among others. **Operational Data** Merchants: 3 million, Active agents: 30,000+ (March 2021) Transaction Value: ₹ 1.4 trillion with 182 million transactions in financial year 2021) Payments revenue share: 83%, Platforms revenue share: 22% (financial year 2021)						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2021	26,571	5,858	-2%	605	494	10%	8%	2%
2020	26,353	5,954	7%	1,391	599	23%	1%	1%
2019	25,995	5,539	81%	988	617	18%	2%	2%
Instamojo Technologies Pvt. Limited	2012	Instamojo provides cloud based payment processing solution for businesses and merchants. It is an on-demand payments and ecommerce platform that empowers micro-entrepreneurs, startups, MSMEs. The company has pioneered "Payment Links" in India, which is an easy to start and easy to integrate payment solution, enabling entrepreneurs and businesses to quickly get started with collecting payments online. Products: MojoPayments (payment services), MojoCommerce(enabling sellers to create and manage online store), Mojo Capital (small business loans), Mojo Express (shipping and logistics) **Operational Data***						

Company Name	Year of Inception	Company Overview						
		Payment links: 3 million+ Online stores created: 50,000+ Loans disbursed: ₹ 2 billion+						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	196	348	18%	(123)	(137)	-36%	-39%	-87%
2019	120	294	80%	(78)	(85)	-26%	-29%	-83%
2018	83	163	161%	1	(1)	1%	-1%	-7%
One Mobikwik Systems Pvt. Limited	2009	MobiKwik is a fintech platform, operating businesses in consumer payments, payment gateway, and financial services. The MobiKwik wallet can be used across a host of payments services, including bill recharges, utility bill payments, cab bookings, ticket bookings, payments for groceries, as well as payments to online digital and offline retail stores. Besides, the company cross sells insurance and other third-party products. **Operational Data*** Registered Users: 101.37 million (March 2021) Merchants: 3.44 million (3.37 million physical stores), Billers: 283 (March 2021) Revenue from consumer payments business: 73%, Fintech business: 21%, Payment gateway business: 7% in financial year 2021						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2021	(200.13)	2,951	-18%	(1,089)	(1,113)	-37%	-38%	NM
2020	(308.52)	3,591	136%	(954)	(999)	-27%	-28%	NM
2019	(15.73)	1,524	83%	(1,497)	(1,480)	-98%	-97%	NM
Oxigen Services India Pvt. Limited	2004	Oxigen Services India is a payment solution and remittance service provider in India. It is involved in the business of service aggregation and distribution utilising mobile, POS and web for online payment processing and money transfer services. It provides a payment processing platform for leading service providers across various industries like telecom, DTH, utility bill payments, bookings for hotels and movie tickets, mobile wallet top-ups, and airline and railway ticketing services. Operational Data Touchpoints: 200,000 (April 2019)						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	364	3,143	-44%	(192)	(365)	-6%	-12%	-67%
2019	730	5,590	-46%	(446)	(634)	-8%	-11%	-62%
2018	1,312	10,313	-62%	(179)	22	2%	0%	2%
PayTM (One 97 Communications Ltd)	2010	PayTM is a financial services company that offers full-stack payments & financial solutions to consumers, offline merchants and online platforms owned by One97 Communication Limited. It also operates as a Payments Bank. PayTM offers a digital goods and mobile commerce platform and is a payment solutions provider to e-commerce merchants using a semi-closed wallet. Products and services offered by PayTM include DTH/mobile recharge, utility bill payments, travel bookings, insurance, investment in stocks and mutual funds, e-commerce and wallet services. **Operational Data*** In financial year 2021, it has existing users network of 333 million and over 21 million registered merchants, of which over 50% of registered merchants hold an account with Paytm Payments Bank. It has ~64 million savings accounts and offers interest rate of 2.5% p.a. Issued a cumulative of ~ 9 million FASTags and partnered with 270 toll plazas in fiscal 2021 App downloads: 40 million Transaction Value - ₹ 4.6 trillion (June 2020), Transaction volume - 4.8 billion (June 2020)						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2021	65,162	31,868	-5%	(13,829)	(17,010)	-43%	-51%	-23%
2020	84,114	33,506	-1%	(26,395)	(28,332)	-79%	-85%	-39%

Company Name	Year of Inception	Company Overview							
2019	60,360	33,916	3%	(38,637)	(39,596)	-114%	-117%	-58%	
PayU Payments Pvt. Limited	2011	PayU operates as an online payment gateway and payment service provider. It offers a variety of other products such as PayU Buttons, Payment links and Excel Plugin. PayU also launched LazyPay in 2017, an alternate lending platform to offer credit solutions such as Small Ticket Credit (Buy Now Pay Later), App-based loans (Instant personal loans) and Point of Sale Credit (Merchant EMI). **Operational Data*** Merchants: 450,000+							
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**	
2020	9,676	12,163	35%	(677)	(983)	-6%	-8%	-10%	
2019	9,873	9,011	49%	(917)	(1,207)	-11%	-13%	-13%	
2018	8,022	6,056	95%	(1,333)	(1,498)	-22%	-25%	-17%	
Phone Pe Pvt. Limited	2015	PhonePe is a mobile payments app that allows users to transfer money instantly by using their mobile number. Its online payment system is based on Unified Payments Interface (UPI) and a digital wallet. The company offers services such as money transfers, Recharges, bill payments, credit card payments, Gold purchase, Online and offline merchant payments, Mutual funds and Insurance **Operational Data** As of February 2021:- Registered Users: 280 million, Monthly active users: 112 million Merchants: 17.5 million, Billers: 1200+ Total number of transactions: 1.07 billion Annual Transaction Value: US$337 billion							
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**	
2020	12,851	4,272	74%	(16,872)	(17,715)	-395%	-415%	-159%	
2019	9,420	2,458	401%	(18,993)	(19,047)	-773%	-775%	-371%	
2018	847	490	185%	(7,826)	(7,910)	-1596%	-1613%	-843%	
Razor Pay Software Pvt. Limited	2014	Razorpay is a payments gateway provider. It is a platform that enables businesses to accept, process, and disburse payments through a wide suite of products. It gives access to all payment modes including credit card, debit card, net banking, UPI and popular wallets including JioMoney, Mobikwik, Airtel Money, FreeCharge, Ola Money, and PayZapp. In addition, it has also built a neo banking platform for MSMEs, and offers business banking and credit products through tie ups with banks. **Operational Data*** Online merchants: 5 million+							
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**	
2020	2,475	5,194	163%	(30)	(62)	0%	-1%	-3%	
2019	1,235	1,975	114%	(33)	(33)	-2%	-2%	-3%	
2018	760	922	257%	(26)	(128)	-3%	-14%	-34%	

*Note: *: Based on website disclosures as on March 20, 2021; ^Consolidated financials*
Source: Company reports, Company websites, CRISIL Research

Players in POS Business

Company Name	Year of Inception	Company Overview
Innoviti Payments Solutions Pvt. Limited	2002	Innoviti develops payments processing, credit distribution, and payments management software solutions. Products offered: uniPAYNEXT, a unified payment and card management system for retailers; TotalEMI, a solution that provides consumers the option of paying for their purchases in installments; and G.E.N.I.E, a smart marketing platform for retailers and dealers. Innoviti also offers short term loans to dealers through its partner banks on its lending platform smelending.com **Operational Data** POS terminals*: 150,000+

Company Name	Year of Inception	Company Overview						
		Transaction Value: US$6.5 billion (Annually as of September 2020) Monthly throughput: US$7,000 per POS terminal (September 2020)						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	105	564	31%	(466)	(562)	-83%	-100%	-147%
2019	660	430	69%	(285)	(333)	-66%	-77%	-40%
2018	989	254	40%	(335)	(382)	-132%	-151%	-63%
Mswipe Technologies Pvt. Limited	2000	Mswipe provides PoS-based digital payments solutions and other value added services to merchants. It also enables consumers to obtain loans at the PoS through tie ups with vendors as well as lenders.						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	2,831	3,721	36%	(801)	(1,481)	-40%	-22%	-42%
2019	4,302	2,745	37%	(154)	(613)	-22%	-6%	-17%
2018	2,805	2000	42%	(271)	(673)	-34%	-14%	-32%
Pine Labs Pvt. Limited	1998	The company is one of the largest players in PoS machines in India. Besides transaction processing, it offers value added services such as billing to merchants. It also enjoys a very strong market position in consumer financing through PoS and gift cards processing. It has tie ups with a number of banks to offer no-interest EMIs to both debit and credit card customers. Products and services: POS terminals, online payment gateway, Payment APIs **Operational Data*** Number of merchants: 150,000, Touchpoints: 450,000						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	2,524	7,016	43%	596	(577)	8%	-8%	-20%
2019	3,253	4,913	62%	869	(33)	18%	-1%	-1%
2018	2,281	3,030	55%	449	(25)	15%	-1%	-1%

Note:
**: Based on website disclosures as on March 20, 2021*
Source: Company reports, Company websites, CRISIL Research

Players in Neo banking business

Company Name	Year of Inception	Company Overview						
InstantPay India Limited	2013	InstantPay is a neo-banking platform providing a range of banking services. The company offers accounts, payments, cards, business loans, investments, insurance and other services. The company made loss of ₹ 17 million on revenues of ₹ 1,802 million in financial year 2020. **Operational Data*** Customer base: 10 million monthly active customers Transaction Value - US$1 billion (quarterly); Transaction volume - 1 million (daily) Bank partners - ICICI Bank, Axis Bank, IndusInd Bank and YES Bank						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	(19)	1,802	67%	(16)	(17)	-1%	-1%	154%
2019	(3)	1,077	43%	(3)	(3)	0%	0%	413%
2018	1	753	1007%	(25)	(26)	-3%	-3%	-187%
Niyo Solutions Inc. (Finnew Solutions Pvt Ltd)	2015	Neo banking platform offering savings bank accounts, prepaid cards, forex cards and direct MF investing through its platform in partnership with various banks. Besides, it also offers small ticket loans to its customers.						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	995	295	36%	(866)	(877)	-293%	-297%	-124%
2019	418	217	414%	(318)	(323)	-147%	-149%	-89%
2018	305	42	1269%	(82)	(84)	-194%	-198%	-54%

Company Name	Year of Inception	Company Overview						
Open Financial Technologies Pvt. Limited	2017	Open is a neo-bank which provides business banking service that combines everything from banking to invoicing & automated bookkeeping in one place. It offers digital banking service for startups and small and medium enterprises. Products and services: Accounts, Payment gateway, Cards, Business loans, APIs, Virtual card, UPI, Autopay, Accounting and Invoice Management.						
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**EBITDA (₹ million)**	**PAT (₹ million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**RoE (%)**
2020	1,754	86	1551%	(408)	(422)	-474%	-490%	-41%
2019	321	5	NA	(62)	(70)	-1193%	-1337%	-42%
2018	8	-	NA	(23)	(16)	NA	NM	-214%

*Note: *: Based on website disclosures as on March 20, 2021*
Source: Company reports, Company websites, CRISIL Research

Players in Payments Bank business

Company Name	Year of Inception	Company Overview				
Airtel Payments Bank	2016	• Airtel Payments Bank was launched by Bharti Airtel, India's largest telecom provider, to support the cashless revolution promised by the Government of India. It was the first payments bank in India to go live nationally. • Products and services: Savings bank account, Money transfers, Recharges, Travel bookings. **Operational Data*** Customer base: 30 million, Active users: 14 million (March 2020) Touchpoints: 500,000 Transaction Value: ₹ 500 billion (annualized)				
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**PAT (₹ million)**	**PAT Margin (%)**	**RoE (%)**
2021	3,216	6,171	30%	(4,344)	-70%	-144%
2020	2,805	4,743	86%	(4,646)	-100%	-196%
2019	1,933	2,544	59%	(3,388)	-140%	-159%
Fino Payments Bank	2017	• Fino Payments Bank is promoted by Fino Paytech Ltd. The bank provides banking services to its target customers using technology platforms such as AePS, micro-ATMs, tablet or mobile. On the digital front, the bank offers mobile banking app BPay, online account opening, Netbanking and UPI. • The Bank's 'phygital' approach is backed by distribution across the country, leveraging technology and entering into strategic commercial relationships to make banking simple, convenient and paperless. • The Bank has the largest network of micro-ATMs in India with 55% market share in micro-ATMs deployed in the country as of March 2021. • The Bank's revenues are next only to PayTM amongst Payment Banks in India. It turned profitable in the fourth quarter of financial year 2020 and reported a net profit of ₹ 204.74 million in financial year 2021 **Operational Data** Merchants: 366,861 (June 2021)				
Financials for the year (ending March)	**Net worth (₹ million)**	**Revenue (₹ million)**	**Revenue growth (%)**	**PAT (₹ million)**	**PAT Margin (%)**	**RoE (%)**
2021	1,505	7,910.27	14%	204.74	-	-
2020	1,300	6,913.97	86%	(320.36)	-	-
2019	1,621	3,711.21	61%	(623.84)	-	-
India Post Payments Bank	2018	• India Post Payments Bank (IPPB) was set up under the Department of Post, Ministry of Communication with 100% equity owned by Government of India. IPPB's reach and its operating model is built on the key pillars of India Stack - enabling paperless, cashless and presence-less banking in a simple and secure manner at the customers' doorstep through a CBS-integrated smartphone and biometric device • Key products and services offered by IPPS include deposits, money transfer, DBT, third-party products like loans, insurance, investments and post office saving schemes, bill and utility payments and enterprise and merchant payments. • In December 2020, IPPS launched a new digital payment app "Dakpay" to provide digital, financial and assisted banking services. **Operational Data** Customer base: 40 million+ (February 2021).				

<table>
<tr><th>Company Name</th><th>Year of Inception</th><th colspan="5">Company Overview</th></tr>
<tr><td></td><td></td><td colspan="5">Touchpoints: 136,078+ banking access points and 174,000+ doorstep bankers.
Transaction volume - 125 million (September 2019-September 2020), Transaction Value: ₹ 336 billion (September 2019-September 2020).</td></tr>
<tr><th>Financials for the year (ending March)</th><th>Net worth (₹ million)</th><th>Revenue (₹ million)</th><th>Revenue growth (%)</th><th>PAT (₹ million)</th><th>PAT Margin (%)</th><th>RoE (%)</th></tr>
<tr><td>2020</td><td>5,740</td><td>547</td><td>13%</td><td>(3,339)</td><td>-810%</td><td>-58%</td></tr>
<tr><td>2019</td><td>5,743</td><td>482</td><td>21%</td><td>(1,651)</td><td>-348%</td><td>-24%</td></tr>
<tr><td>2018</td><td>7,990</td><td>398</td><td>-12%</td><td>11</td><td>3%</td><td>0%</td></tr>
<tr><td>PayTM Payments Bank</td><td>2017</td><td colspan="5">• PayTM Payments Bank is a mobile-first bank with zero balance - zero digital transaction charge account facility. The bank offers accounts (savings and current), debit card, payment wallet and payment services such as NACH, FASTAG, IMPS, UPI and NEFT.
• It was the first payment bank to turn profitable in financial year 2019.
<u>Operational Data</u>
In financial year 2021, it has existing users network of 333 million and over 21 million registered merchants, of which over 50% of registered merchants hold an account with Paytm Payments Bank. It has ~64 million savings accounts and offers interest rate of 2.5% p.a.
Issued a cumulative of ~ 9 million FASTags and partnered with 270 toll plazas in fiscal 2021
App downloads: 40 million
Transaction Value - ₹ 4.6 trillion (June 2020), Transaction volume - 4.8 billion (June 2020)</td></tr>
<tr><th>Financials for the year (ending March)</th><th>Net worth (₹ million)</th><th>Revenue (₹ million)</th><th>Revenue growth (%)</th><th>PAT (₹ million)</th><th>PAT Margin (%)</th><th>RoE (%)</th></tr>
<tr><td>2021</td><td>4,812</td><td>19,875</td><td>-10%</td><td>179</td><td>1%</td><td>4%</td></tr>
<tr><td>2020</td><td>3,976</td><td>22,062</td><td>32%</td><td>299</td><td>1%</td><td>8%</td></tr>
<tr><td>2019</td><td>3,678</td><td>16,673</td><td>131%</td><td>198</td><td>1%</td><td>6%</td></tr>
<tr><td>Jio Payments Bank</td><td>2016</td><td colspan="5">• Jio Payment Bank is owned by Reliance Industries Limited and it started its commercial operations in 2018 with the aim to simplify financial inclusion in India.
• It allows customer to make recharges, pay bills and transfer money from MyJio application or by visiting the Jio Payments Bank outlet. All these transactions use biometric Aadhaar to enable secure transactions.</td></tr>
<tr><th>Financials for the year (ending March)</th><th>Net worth (₹ million)</th><th>Revenue (₹ million)</th><th>Revenue growth (%)</th><th>PAT (₹ million)</th><th>PAT Margin (%)</th><th>RoE (%)</th></tr>
<tr><td>2021</td><td>1,256</td><td>133</td><td>-32%</td><td>-897</td><td>-677%</td><td>-53%</td></tr>
<tr><td>2020</td><td>2,152</td><td>194</td><td>28%</td><td>5</td><td>3%</td><td>0.2%</td></tr>
<tr><td>2019</td><td>2,147</td><td>152</td><td>NA</td><td>(11)</td><td>-7%</td><td>-0.7%</td></tr>
<tr><td>NSDL Payments Bank</td><td>2018</td><td colspan="5">• NSDL Payments Bank commenced its operations in October 2018 to support the initiative of providing simplified banking services. It has its flagship NSDL Jiffy application, which provides secure processing of transactions and a banking experience (including facilitation of investments in mutual funds)
• The company has seen tepid growth in revenue over the past two years, whereas operational expenses grew at a faster rate leading to widening of losses.</td></tr>
<tr><th>Financials for the year (ending March)</th><th>Net worth (₹ million)</th><th>Revenue (₹ million)</th><th>Revenue growth (%)</th><th>PAT (₹ million)</th><th>PAT Margin (%)</th><th>RoE (%)</th></tr>
<tr><td>2020</td><td>1,047</td><td>64</td><td>8%</td><td>(139)</td><td>-218%</td><td>-12%</td></tr>
<tr><td>2019</td><td>1,259</td><td>59</td><td>9%</td><td>(65)</td><td>-110%</td><td>-6%</td></tr>
</table>

*Note: *: Based on website disclosures as on March 20, 2021*
Source: Company reports, Company websites, CRISIL Research

Global Peers

Players in Payments and Remittance Business

Company Name	Country and Year of Inception	Company Overview
Afterpay Limited	Australia, 2015	• Afterpay Limited provides payments solutions for customers, merchants, and businesses in Australia, New Zealand, the United States, Canada, and the United Kingdom.

<table>
<tr><th>Company Name</th><th>Country and Year of Inception</th><th colspan="8">Company Overview</th></tr>
<tr><td></td><td></td><td colspan="8">It operates on a "Buy now, Pay later" business model providing purchase financing to the customers by splitting payments into four installments for both online and in-store purchase at zero interest.
<u>Operational Data</u>
Active customers: 13.1 million (December 2020)
Active merchants: 74,700 (December 2020)</td></tr>
<tr><th>Financials for the year (ending June)</th><th>Net worth (USD million)</th><th>Revenue (USD million)</th><th>Revenue growth (%)</th><th>EBITDA (USD million)</th><th>PAT (USD million)</th><th>EBITDA Margin (%)</th><th>PAT Margin (%)</th><th>R&D (% of revenue)</th><th>RoE (%)</th></tr>
<tr><td>2020</td><td>719</td><td>395</td><td>97%</td><td>19</td><td>-217</td><td>5%</td><td>-4%</td><td rowspan="3">NA</td><td>-3%</td></tr>
<tr><td>2019</td><td>493</td><td>201</td><td>86%</td><td>-7</td><td>-33</td><td>-4%</td><td>-17%</td><td>-11%</td></tr>
<tr><td>2018</td><td>140</td><td>108</td><td>391%</td><td>12</td><td>-7</td><td>11%</td><td>-6%</td><td>-5%</td></tr>
<tr><th>Company Name</th><th>Country and Year of Inception</th><th colspan="8">Company Overview</th></tr>
<tr><td>Global Payments Inc.</td><td>USA, 1967</td><td colspan="8">Global Payments Inc. provides payment technology and software solutions for card, electronic, check, and digital-based payments in the Americas, Europe, and the Asia-Pacific.
The company operates through three segments: Merchant Solutions, Issuer Solutions, and Business and Consumer Solutions.
In Merchant Solutions segment, the company offers authorization services, settlement and funding services, customer support and help-desk functions, chargeback resolution, terminal rental, sales and deployment, payment security services, consolidated billing and statements and on-line reporting. It also offers value-added services, including analytic and engagement tools, payroll and human capital management services and reporting.
In Issuer Solutions, the company offers solutions to manage card portfolios, commercial payments and e-Payables solutions. In addition, account management and servicing, fraud solution services, analytics and business intelligence, cards, statements and correspondence, customer contact solutions and risk management solutions are also offered.
In Business and Consumer Solutions, the company offers general purpose reloadable prepaid debit and payroll cards, demand deposit accounts and other financial service solutions to the underserved and other consumers and businesses.
<u>Operational Data</u>
Merchants: 3.5 million (December 2020)
Transaction Volume*: 50 billion (annualized)
Revenue share from businesses (financial year 2020): Merchant Solutions (63%), Issuer Solutions (26%), Business and Consumer Solutions (11%)</td></tr>
<tr><th>Financials for the year (ending December)</th><th>Net worth (USD million)</th><th>Revenue (USD million)</th><th>Revenue growth (%)</th><th>EBITDA (USD million)</th><th>PAT (USD million)</th><th>EBITDA Margin (%)</th><th>PAT Margin (%)</th><th>R&D (% of revenue)</th><th>RoE (%)</th></tr>
<tr><td>2020</td><td>27,487</td><td>7,466</td><td>51%</td><td>2,552</td><td>605</td><td>34%</td><td>8%</td><td>5.84%</td><td>2%</td></tr>
<tr><td>2019</td><td>28,054</td><td>4,942</td><td>46%</td><td>1,701</td><td>469</td><td>34%</td><td>9%</td><td>6.21%</td><td>3%</td></tr>
<tr><td>2018</td><td>4,186</td><td>3,386</td><td>-15%</td><td>1,279</td><td>484</td><td>38%</td><td>14%</td><td>6.29%</td><td>12%</td></tr>
<tr><th>Company Name</th><th>Country and Year of Inception</th><th colspan="8">Company Overview</th></tr>
<tr><td>GMO Payment Gateway Inc.</td><td>Japan, 1995</td><td colspan="8">GMO Payment Gateway, Inc., together with its subsidiaries, provides financial services and integrated payment related services.
It operates through three segments: Payment Enhancement Business, Payment Processing Business, and Money Service Business.
The company offers PG multi-payment service, a payment platform that provides credit card payment, convenience store payment, account transfer, and multi-currency credit card payment.
It also provides GMO payment after delivery; Ginko Pay Base System, a smartphone app that enables payments to be made by an immediate debit from the bank account; and GMO-PG processing platform, which helps financial institutions or financial service providers start payment-related services.
<u>Operational Data</u>
Operating stores: 160,535 (December 2020)</td></tr>
</table>

Company Name	Country and Year of Inception	Company Overview
		Transaction Value: ¥ 5.8 trillion, Transaction Volume: 2.57 billion (financial year 2020) Revenue share from businesses (financial year 2020): Payment Processing Business (70%), Money Service Business (28%, Payment Enhancement Business (2%)

Financials for the year (ending September)	Net worth (USD million)	Revenue (USD million)	Revenue growth (%)	EBITDA (USD million)	PAT (USD million)	EBITDA Margin (%)	PAT Margin (%)	R&D (% of revenue)	RoE (%)
2020	301	299	23%	100	69	33%	23%	NA	25%
2019	248	244	2%	90	45	37%	19%		19%
2018	234	239	26%	63	38	26%	16%		18%

Company Name	Country and Year of Inception	Company Overview
PayPal Holdings Inc.	USA, 1998	• PayPal is an online payment system that operates one of the largest digital payment platforms globally. It helps consumers as well as businesses accept and make payments online in more than 200 countries across the world and across more than 100 different currencies. • Its payment solutions include PayPal, PayPal Credit, Braintree, Venmo, Xoom, Hyperwallet, and iZettle products. • The company's payments platform allows consumers to send and receive payments, withdraw funds from their bank accounts, and hold balances in their PayPal accounts in various currencies. • It also offers gateway services that enable merchants to accept payments online with credit or debit cards, as well as digital wallets **<u>Operational Data</u>** Customer base: 348 million including 29 million merchants (December 2020) Transaction Value - US$ US$936 billion (calendar year 2020); Transaction Volume – 15.4 billion (calendar year 2020)

Financials for the year (ending December)	Net worth (USD million)	Revenue (USD million)	Revenue growth (%)	EBITDA (USD million)	PAT (USD million)	EBITDA Margin (%)	PAT Margin (%)	R&D (% of revenue)	RoE (%)
2020	20,063	23,230	29%	6,265	4,202	27%	18%	12%	23%
2019	16,929	18,051	15%	3,631	2,459	20%	14%	12%	15%
2018	15,386	15,633	19%	2,970	2,057	19%	13%	12%	13%

Company Name	Country and Year of Inception	Company Overview
Venmo	USA, 2009	• Venmo is a mobile payment service owned by PayPal. It is an app-based digital wallet platform for consumer payment and also offers debit and credit cards to its customers. • The company designs and develops an online payment and community platform which enables its users to make and share payments, connect with other users, and transfer money from their bank. **<u>Operational Data</u>** Users*: 60 million, Active accounts: 52 million+ (December 2019) Transaction Value: US$102 billion (calendar year 2019)
Financials		NA

Company Name	Country and Year of Inception	Company Overview
Xoom Corporation	USA, 2001	Xoom is an international money transfer service, owned by PayPal, that enables its customers to send money and prepaid mobile phone reloads to people and pay bills for people around the world.
Financials		NA

Company Name	Country and Year of Inception	Company Overview
Yeahka Limited	China, 2011	• Yeahka is a payment-based technology platform in China providing payment and business services to merchants and consumers. • The company's principal business lines include one-stop payment service and technology-enabled business services which consists of marketing services, merchant SaaS products, and fintech services. **<u>Operational Data</u>** Active payment service customers (Merchants): 5.5 million (December 20200) Active business service customer: 982,000 (December 2020)

Company Name	Country and Year of Inception	Company Overview							
		Active payment consumers: 645 million+ (December 2020) Transaction Value: RMB 1.5 trillion (financial year 2020) Revenue share from businesses (financial year 2020): Payment Services (80%), Business Services (20%)							
Financials for the year (ending December)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2020	475	350	128%	351	441	15%	19%	6%	34%
2019	-83	340	3%	353	85	16%	4%	3%	-13%
2018	-120	149	NA	33	-183	3%	-18%	9%	NA

*Note: *: Based on website disclosures as on March 20, 2021, financials are converted from local currency to USD considering exchange rate on March 31, 2021*
Source: Company reports, Company websites, CRISIL Research

Players in Digital Banking Business

Company Name	Country and Year of Inception	Company Overview							
Atom Bank plc	UK, 2014	• Atom Bank plc provides banking services through smartphones, tablets, phablets, phones, and Internet in the United Kingdom. • It offers a range of products including fixed deposits, accounts, mortgages, business loans, and secured loans to customers. **Operational Data** Customer base: 65,000 (October 2018)							
Financials for the year (ending March)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2020	269	64	22%	-81	-91	-128%	-143%	NA	-32.60%
2019	290	52	103%	-35	-110	-68%	-211%		-46.40%
2018	184	26	1600%	-56	-72	-221%	-282%		-44.20%
Company Name	**Country and Year of Inception**	**Company Overview**							
Monzo Bank Limited	UK, 2015	• Monzo is a digital-only bank platform and marketplace that allows customers to access a range of products and services. • The company offers current, business, joint, and individual savings accounts; and overdrafts and loans in the United Kingdom, and the United States. It also offers customers the ability to transact through a mobile application. **Operational Data*** Customer base: 5+ million							
Financials for the year (ending February)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2020	176	94	248%	51	-157	54%	-167%	0.60%	-94%
2019	158	27	641%	-68	-65	-253%	-239%	1.30%	-55%
2018	77	4	2117%	-45	-42	-1234%	-1148%	0.00%	-82%
Company Name	**Country and Year of Inception**	**Company Overview**							
Revolut Limited	UK, 2015	• Revolut is a digital bank for consumers and business. • Retail services - Electronic money and payment services through prepaid cards, currency exchange, P2P payments and cryptocurrency exposure • Business services - Multicurrency exchange, prepaid corporate cards, international and domestic bank transfers to MSMEs. • Revolut offers various products like Accounts, Wealth, Payments, Insurance, etc. **Operational Data** Customer base: 12+ million (March 2020)							
Financials for the year (ending December)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2020	572	304	35%	-269	-282	-88%	-93%	14.1%	-80%

Company Name	Country and Year of Inception	Company Overview							
2019	132	226	178%	-142	-145	-63%	-64%	8.4%	-73%
2018	266	81	360%	-45	-45	-55%	-55%	9.3%	-28%
Company Name	**Country and Year of Inception**	**Company Overview**							
Starling Bank Limited	UK, 2014	• Starling is a digital bank serving personal and business consumers. It also offers B2B banking and payments services. • Its retail banking app offers personal, business, joint, Euro, USD, child and current accounts. The Starling Marketplace offers customers in-app access to third-party financial services. **Operational Data** Customer base*: 2 million+ Retail card Transactions Volume: 82 million (financial year 2019), Retail card transaction value: GBP 1.6 billion (financial year 2019)							
Financials for the year (ending November)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2019	95	33	371%	-66	-67	-202%	-204%	NA	-103%
2018	36	7	41%	-37	-37	-531%	-532%		-92%
2017	45	5	1%	-15	-15	-299%	-301%		-47%

*Note: *: Based on website disclosures, Financials is converted from local currency to USD considering exchange rate on March 31, 2021*
Source: Company reports, Company websites, CRISIL Research

Players in POS Business

Company Name	Country and Year of Inception	Company Overview							
Square Inc.	USA, 2009	• Square Inc is a merchant services aggregator and a mobile payment company. • The Company develops point-of-sale software that helps in digital receipts, inventory, and sales reports, as well as offers analytics and feedback. Square also provides financial and marketing services. • Business products and services - POS Hardware, POS software, financial services • Individual products and services - Mobile payment services **Operational Data** Customer base: 36 million monthly transacting active customers on its mobile payment application CashApp (December 2020) For business segment, Payment Value - US$103.7 billion (financial year 2020); Payment volume - US$2 billion (financial year 2020)							
Financials for the year (ending December)	**Net worth (USD million)**	**Revenue (USD million)**	**Revenue growth (%)**	**EBITDA (USD million)**	**PAT (USD million)**	**EBITDA Margin (%)**	**PAT Margin (%)**	**R&D (% of revenue)**	**RoE (%)**
2020	2,681	9,497	102%	-14.9	213	0%	2%	9%	10%
2019	1,715	4,713	43%	31	375	1%	8%	14%	26%
2018	1,120	3,298	49%	-32	-38	-1%	-1%	15%	-4%
Company Name	**Country and Year of Inception**	**Company Overview**							
Verifone Holdings Inc.	USA,1981	• VeriFone is a player in the merchant point of sale (POS) payment systems market, with over half of its annual sales from providing POS payment terminals that enable merchants to accept payment cards. • Its product portfolio also comprises of contactless and countertop systems as well as electronic cash register and payment devices, PIN pads, indoor and outdoor unattended payment solutions, wireless handheld payment devices, and point-of-sale receipt printers. **Operational Data*** Transaction Volume: 10.3 billion (annualized)							
Financials	NA								

*Note: *: Based on website disclosures as on March 20, 2021, financials are converted from local currency to USD considering exchange rate on March 31, 2021*
Source: Company reports, Company websites, CRISIL Research

Players in Banking as a Service (BaaS) business

Company Name	Country and Year of Inception	Company Overview
Bankable Limited	UK, 2010	• Bankable provides a range of payment solutions under a "Banking as a Service" model wherein the solutions are available in the form of white-label self-service platforms as well as via APIs • The company's services include Virtual Ledger Manager (VLM), a cloud based virtual account solution that offers cash management for global corporates; Digital Banking, a platform that offers digital banking; Payment Card Programmes, a prepaid card programme management service; and E-wallet. • It serves to industries, such as travel, telco, bank, insurance, and FinTech.
Treezor	France, 2016	• Treezor, SAS operates a banking platform that facilitates payment management for merchants, collaborative platforms, and banks. The company offers a B2B and multi-channel solution covering the entire payment chain. • The company's products include acquisition online, card program, payment SEPA, marketplace and crowdfunding, KYC and compliance, e-wallet and core-banking, bin-sponsorship, white label jacket, and local currency. • The company has issued more than 850,000 Mastercard payment cards as of 2019

*Note: *: Based on website disclosures, Financials is converted from local currency to USD considering exchange rate on March 31, 2021*
Source: Company reports, Company websites, CRISIL Research

OUR BUSINESS

We have included various operational and financial performance indicators in this Prospectus, many of which may not be derived from our Restated Financial Statements or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. For the purposes of this section, for certain analyses we have used historical methodologies and internal categorizations to enable a consistent representation of our business. Such information may vary from similar information publicly disclosed by us in compliance with applicable regulations in India. Investors are accordingly cautioned against placing undue reliance on such information in marking an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Prospectus.

Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.

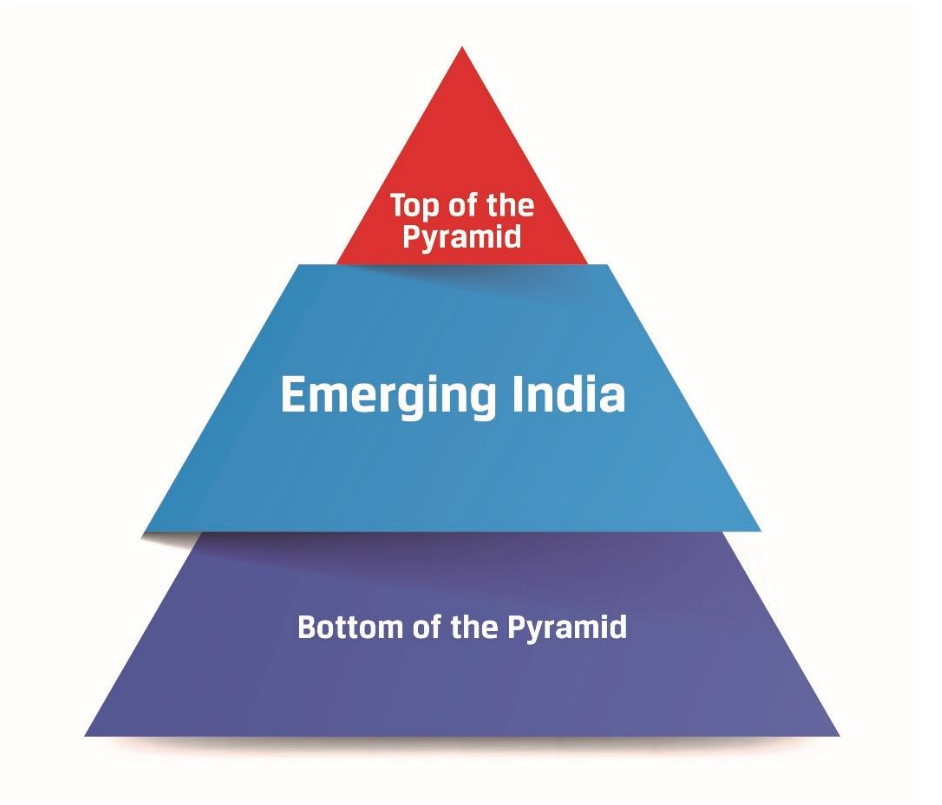
The industry-related information contained in this section is derived from the CRISIL Report. We commissioned and paid for the CRISIL Report for the purposes of understanding the industry in connection with the Offer.

Overview

We are a growing fintech company offering a diverse range of financial products and services that are primarily digital and have a payments focus. We offer such products and services to our target market via a pan-India distribution network and proprietary technologies, and since 2017, we have grown our operational presence to cover over 90% of districts as of September 30, 2021. We first became profitable in the fourth quarter of financial year 2020 and have been profitable in subsequent quarterly periods. In addition, in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021, our platform facilitated approximately 154.02 million, 318.56 million, 434.96 million and 123.38 million transactions, respectively and had gross transaction value of ₹456,847.97 million, ₹944,525.76 million, ₹1,329,306.90 million and ₹390,359.90 million, respectively.

We operate an asset light business model that principally relies on fee and commission based income generated from our merchant network and strategic commercial relationships. Each merchant serves the banking and financial needs of its community, which in turn forms the backbone of our assisted-digital ecosystem, referred to as our "phygital" delivery model (i.e., a combination of physical and digital). The merchant's use of technology and our use of analytics on the data that we capture enhances the merchant's ability to cross sell the third party products that we also offer, to our existing customers, thereby increasing our potential revenue and opportunity to further customize our products and services offering. Such a merchant-led distribution model requires minimal capital expenditure cost from us because the on-boarding and setup capital expenditure costs are borne by the merchant, and accordingly, allows for operating leverage and efficient expansion in a timely manner. Through the "phygital" delivery model our merchants on-board customers and facilitate transactions, ensuring our network grows and our products and services are more accessible to a broader range of customers throughout India, giving us what we believe to be is a significant advantage compared to our competitors.

While innovation remains ever-present, technology and customer trust lies at the core of all that we do and forms the foundation for our entire business model. We have and will continue to strengthen our focus within "emerging India", catering to a population that we believe presents a large market opportunity and has typically been overlooked by the majority of the large Indian financial institutions. This section of Indian society is characterized by low levels of financial literacy and technology use, lack of financial inclusion and typically does not have access to even basic banking services, and is often referred to as the "unserved and underserved" population. Our target addressable market according to CRISIL as of March 31, 2021 is approximately ₹0.85 trillion by potential revenue. Such addressable market refers to the potential revenue pool available to companies providing CASA deposit accounts in rural and semi-urban areas and also providing the entire range of payment and remittances related services across urban, semi-urban and rural areas. See "*Risk Factors— Industry information included in this Prospectus has been derived from the CRISIL Report commissioned by us for such purpose. The CRISIL Report is not exhaustive and is based on certain assumptions and parameters/ conditions. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate.*" on page 40.



Market already being served by top performing private sector banks, multinational banks and public sector banks with strong balance sheets

Our target market. Characterized by low levels of financial literacy and technology use, lack of financial inclusion and typically does not have access to even basic banking services, and is often referred to as the "unserved and underserved" population.

Intense competition from a large number of unorganized entities.

Our products and services include various current accounts and savings accounts ("CASA"), issuance of debit card and related transactions, facilitating domestic remittances, open banking functionality (via our Application Programming Interface ("API")), withdrawing and depositing cash (via micro-ATM or Aadhaar Enabled Payment System "AePS") and cash management services ("CMS"). Our merchants also leverage the customer relationships within their respective communities to facilitate us cross-selling other financial products and services such as third party gold loans, insurance, bill payments and recharges. We also manage a large BC network on behalf of other banks. Income derived from all of our financial products and services in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 was ₹3,519.69 million, ₹6,732.67 million, ₹7,707.72 million and ₹2,001.86 million, respectively. In addition, as a condition of our RBI License we are not permitted to directly provide credit products and thereby are not exposed to the credit risk associated with underwriting credit products.

We have a strong leadership position within the Indian fintech industry, for instance we were ranked third among banks in facilitating digital transactions, as of February 2020 by the Ministry of Electronic & Information Technology; and had the largest network of micro-ATMs, as of August, 2021 (source: CRISIL).

We are also the only payments bank to offer a subscription based savings account in India (source: CRISIL).We believe customer satisfaction, our brand and reputation have played an important role in us becoming an industry leader in fintech products and services, as well as to further developing our business and improving our market position. Additionally, by remaining focused on our payments business we are able to continue leveraging our deep market expertise which in turn helps us develop products and services that meet the needs of our target market. Our significant geographic coverage and position as a large-scale, leading technology-enabled company with a diverse banking product offering also provides economies of scale that yield significant operating efficiencies, supports future growth and also helps to diversify some of our risks, such as regional or geographical risks or concentration risks.

Our unique framework of distribution, technology and partnership (our "DTP" framework) enables us to serve our target market efficiently and is used to overcome and/ or achieve improvements on three key challenges associated with serving our target market, being scale, service and sustainability. Our DTP framework allows us to reach a vast number of customers in under-penetrated markets and keep our fixed costs low – all of which we believe supports the sustainability and scalability of our business model. Our open banking API capability has also been an important element in the delivery of financial products and services to our customers. The diagram below illustrates our product and service ecosystem.

Fino PayTech Limited and Our Inception and Evolution

Financial Inclusion Network Operations ("FINO") started as a technology company aimed at developing technological solutions and comprised key employees including Rishi Gupta, our MD and CEO. On September 7, 2015, Fino PayTech Limited was granted an in-principle approval to set up a payments bank and, following our incorporation in April 2017, we commenced operations as a Payments Bank with effect from June, 2017, pursuant to receipt of the final RBI approval dated March 30, 2017. With the "FINO" brand being in existence before the commencement of our business operations, and Mr. Gupta being a key employee of Fino PayTech Limited, we benefit from his operational experience and expertise gained throughout that time. Our business model in particular is partly a product of and, a beneficiary of such combined experience. Further, Mr. Gupta is supported by our Key Management Personnel ("KMP") which includes among others Ketan Dhirendra Merchant (Chief Financial Officer), Ashish Ahuja (Chief Operating Officer) and Shailesh Pandey (Chief Sales Officer). We believe that the combination of our experienced management team, as well as our Board of Directors, our Promoter and shareholder Fino Paytech Limited, and our ability to address a large number of customers across a broad geographic area, provides us with deep industry expertise.

Since 2017, there has been a strong focus on developing innovative financial products and services tailored to suit the unique problems faced by our target market. Recently, we also became profitable in the fourth quarter of financial year 2020, and have been profitable in every subsequent quarterly period.

Our Mission and Vision

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

Our vision is to catalyze nation building by making every citizen financially secure.

Marquee investors in Fino PayTech Limited

We are currently a wholly-owned subsidiary of Fino Paytech Limited, whose principal shareholders include marquee investors such as ICICI Bank Limited, Intel Capital Corporation, International Finance Corporation, HAV3 Holdings (Mauritius) Limited, Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited and Bharat Petroleum Corporation Limited.

Recent Developments

The below table lists our key performance indicators with respect to our business and operations:

Metric	**Five months ended August 31, 2021**
Merchants*	777,010
CASA Accounts* [1] (in millions)	3.23
Total transactions (in millions)	217.40
Total throughput [2] (₹ millions)	643,750.93
Cash withdrawals via micro-ATM and AePS (₹ millions)	234,923.29

Notes:
(1) CASA account data based on reported information lodged with RBI.
(2) Total throughput comprises throughput data from the following products and services: micro-ATM, AePS, CASA, Remittance, CMS and BC Banking.
* denotes as at end of relevant period.

In addition, in August, 2021 we launched Sampaan Current Account, the second current account in our suite of accounts offered to customers. For an annual subscription fee of ₹700, this account has no minimum Monthly Average Balance ("MAB"), and offers a sweep account function and a issuance free debit card. We have also entered into a new CMS related strategic commercial relationship with New Opportunity Consultancy Private Limited ("NOCPL") dated August 4, 2021, for an initial term of three years in connection with NOCPL's BC service offering.

Our Strengths

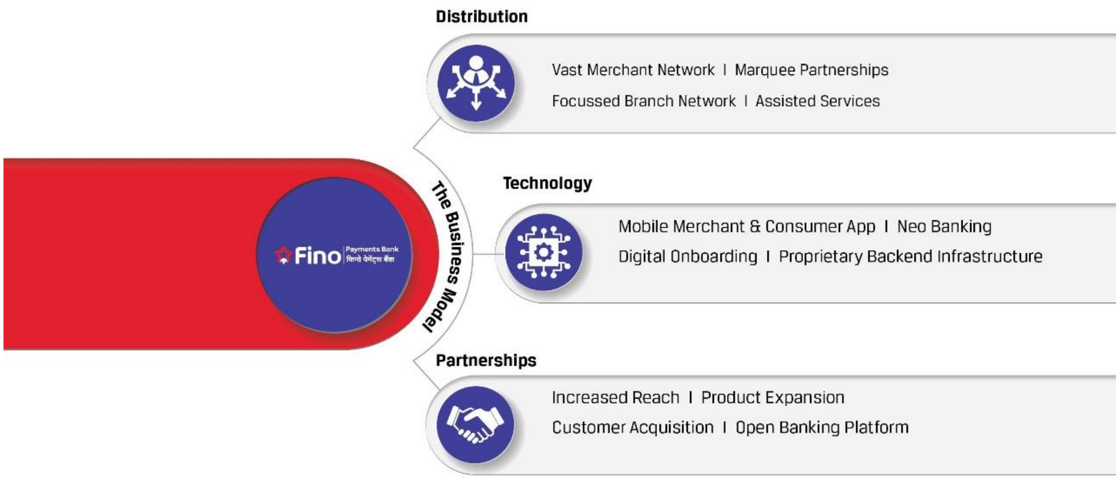
Our key strengths are listed and discussed below:

- Our DTP framework;
- A technology focused business model with an advanced digital platform;
- Customer centricity and innovation at the core of business;
- An asset light and scalable business model;
- Operational experience and expertise;
- A socially inclusive model with positive social impact; and
- Highly experienced and committed leadership team, supported by a marquee investor base in our Promoter and shareholder.

Our DTP Framework

Our unique DTP framework enables us to serve our target market efficiently and is designed to achieve improvements on three key challenges associated with serving such target market, being: (i) *scale* – the significant investment of time and capital required to develop and deploy the infrastructure needed to establish the necessary geographic reach; (ii) *service* – the high levels of upfront and continued customer service required to build and maintain trust among all of the communities in which we operate and target; and (iii) *sustainability* — the customized range of products required to meet the needs of our target market. This framework creates a network effect and facilitates a seamless interplay between each of distribution, technology and partnerships. With respect to:

- *Distribution* – having access to a vast and established merchant network, the ability to draw upon their strong relationships and trust within the communities, a dedicated and focused branch network and large BC network;
- *Technology* – our "phygital" model for delivering products, dedicated mobile banking applications for merchants and customers, a "neo banking" mindset, digital on-boarding, e-KYC and our in-house technology expertise and culture of application-led innovation which includes proprietary technology; and
- *Partnerships* – leveraging the increased reach of our strategic commercial relationships, product portfolio expansion opportunities, greater customer sourcing and leveraging the open banking regime via our API.



This framework differentiates us from our competitors, is difficult to replicate, promotes effective delivery of our products, reinforces positive customer experiences, facilitates strong relationships and improves our operational and strategic decision making, enabling us to innovate products for our customers.

A Technology Focused Business Model with an Advanced Digital Platform

We have and will continue to invest into technology throughout our business. Such investment has been made with a goal to offer an unparalleled user experience to our customers and empower our merchants to carry out more transactions. Accordingly, simplicity in our service and product design and efficient deployment are important factors for us, both of which we believe are demonstrated in our Bpay app, the ease in which we on-board merchants through e-KYC, as well as our Cash Bazzar initiative that assists in identifying merchant locations and directing customers to the nearest merchant outlet.

Our in-house technology expertise and culture of application-led innovation, provides an attractive value proposition to our stakeholders. Currently, we are equipped with reporting process automation based processes at the back-end, SAS dashboards for analytics and demand forecasting, fraud risk management system for fraud detection, and other security systems and a network of servers.

Since 2017, we have made significant investments in our technology infrastructure, having designed and digitized large portions of our technology processes, risk management protocols, data analytics capabilities and honed our "phygital" approach. In the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 we recorded ₹139.33 million, ₹228.68 million, ₹669.30 million and ₹224.97 million, respectively, of capital expenditure in connection with technology infrastructure. We have also focused on providing a more intuitive and personalised experience both at the customer and merchant levels. For instance, we provide our customers with the ability to originate their savings bank accounts through our mobile application, 'Fino BPay', which is a digital solution that utilizes the Unified Payments Interface ("UPI") for secure and fast personal banking and merchant payments, among other functions and targets retail customers. During the financial year 2021 and the three months ended June 30, 2021, 9% and 8%, respectively, of requests made through Fino BPay, were converted to savings bank account customers. In addition, our 'Fino Mitra' app serves as a one-stop-shop solution for our merchants by providing banking and payments related services such as account opening whereby merchants can on-board CASA customers and navigate e-KYC requirements on behalf of us.

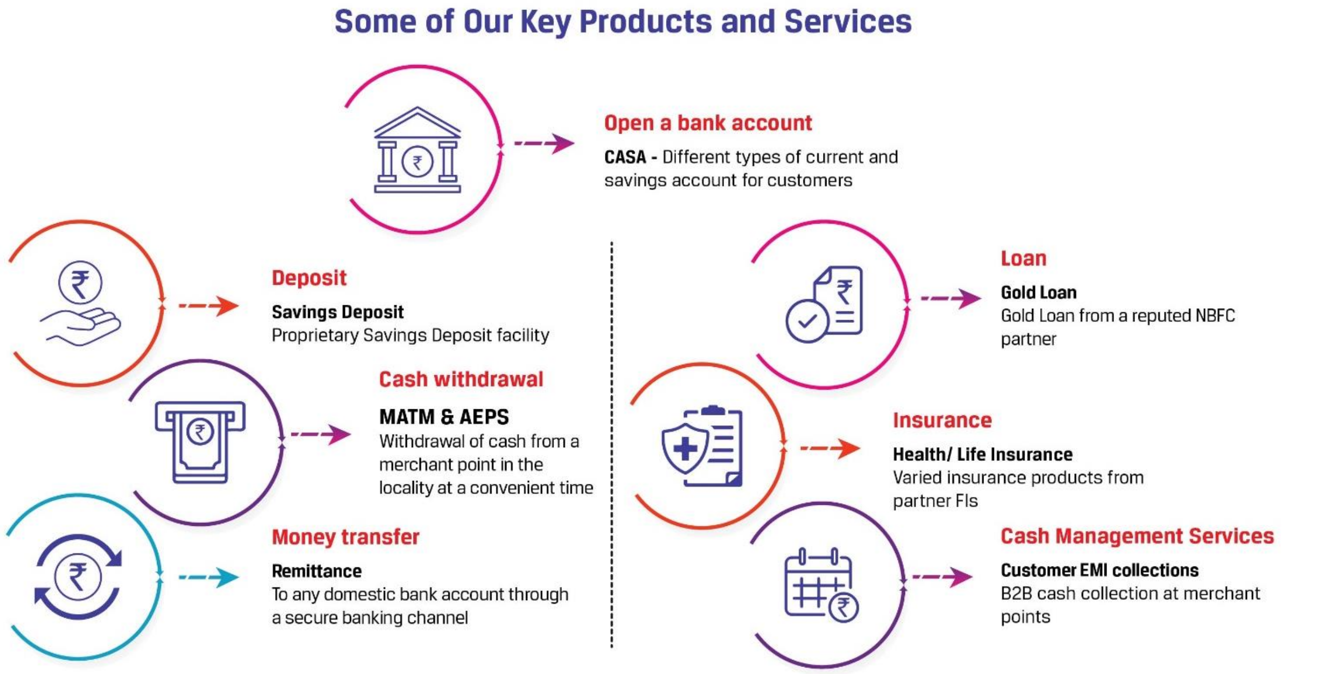
We have a dedicated business technology team with approximately 110 technical staff as of June 30, 2021, to research, test and develop technology. This team is led by our Head Business Technology and our CIO who are each responsible for driving our technology solutions.

Our customer focused product offering through self-assisted channels such as the web portal, hand held devices and other channels like mobile wallets, internet banking, AePS, micro-ATMs and others drive significant operating efficiencies. Our technology-led approach also provides us with the following benefits:

- ownership of our systems and applications enables us to adapt or create new product features and deploy them to market quickly;
- end-to-end visibility and control of our various technology functions and applications has contributed to our high levels of core platform availability;
- minimal reliance on third party systems;
- in-house technology expertise and ownership of our proprietary technologies enables us to integrate into other systems and services to enhance our competitive position; and
- coupling in-house knowledge with our ability to customise our technology increases our ability to innovate for customers and merchants.

Customer Centricity and Innovation at the core of business

We place the customer at the centre of all that we do and as such, our products and services are designed and customized to meet the needs and requirements of our customers and our target market. For instance, the diagram below illustrates our products and services which are targeted at meeting our customers' needs throughout their banking and financial life-cycle.



Further, our focus on understanding the needs, behaviors and desires of our customers is reflected in our brand commitment of we are "*hamesha*" (i.e., we are "*always*") there for our customers' banking and financial needs. This understanding informs every single product and service that we develop and demonstrates our culture toward improving the customer experience. For instance, the following illustrates how our customer knowledge is integral to our product/service development:

- *Subscription CASA accounts* – we introduced this because many individuals in our target market expressed concern about transaction-linked fees that are charged at the time of each transaction. Accordingly, we created a product that has no transaction-linked fees up to certain limit, but instead requires the customer to pay an annual fee.

- *Micro-ATMs* – we deployed micro-ATMs (as opposed to ATMs) because cash remains extremely popular within the Indian economy and especially in rural India. With lower capital expenditure required as compared to ATMs, micro-ATMs are simpler to set up, have lower operating costs and have no requirement for cash top-up related logistics, we are able to more easily and effectively reach a greater number of people by deploying micro-ATMs than if we used the larger, more cumbersome and costly ATMs.

- *AePS IRIS technology* – we introduced this functionality because we initially observed high authentication failure rates using fingerprints, due to worn-out fingerprints or quality of capture at the time of transaction. In addition, the device required to conduct IRIS authentication is simpler to use (i.e., plug and play) for our merchants and there is a lower risk of fraud compared to fingerprint scanners which are susceptible to clone prints.

- *Cash bazzar (Latlong)* – we introduced this so that individuals needing to use banking services could more easily locate and be directed to one of our merchants, branches or CSPs.

An Asset Light and Scalable Business Model

Our merchant-led model is a capital light business strategy in respect of network expansion and except for referrals of third party loan providers, we do not offer any lending products and we do not hold credit risk for loans. In addition, our well established technology platform and consistent investment in further improvements, allows us to service a wide pool of customers and cater to their diversified requirements.

In addition, our focus on and use of technology throughout our business assists us in expanding our reach throughout India without incurring the relatively higher costs associated with traditional bricks and mortar branch presence. For instance, we incur minimal capital expenditure costs in connection with on-boarding our merchants, because the on-boarding and setup capital expenditure costs are borne by the merchant, such as any existing physical premises, laptop, mobile based phone, internet connectivity, micro-ATM and AePS devices and fingerprint and/or IRIS scanners, and our technology significantly simplifies our merchant on-boarding and training process, making it cost effective for the merchant and efficient for both parties. This approach presents opportunities of high operating leverage by allowing us to improve gross margins and limit variable costs. Further, once a merchant has been on-boarded, it is possible for us to offer additional products through the same merchant. Over time, the merchant develops relationships with the customers and is able to leverage such relationships to cross-sell new or third party products, which typically increases the revenue per customer at minimal to no cost to us, which in turn improves our operating leverage and ability to achieve profitability.

In addition to our merchant network which, as of June 30, 2021 was 724,671 (comprising of 366,861 "own" merchants and 357,810 merchants on the open banking network via our API channel), we leverage 17,430 active BCs to reach the underserved and unserved populations in hard to reach locations (referred to the "last mile" of delivery). We also use strategic commercial relationships with corporate entities, most notably with BPCL, to expand our operational reach, improve brand awareness and acquire new customers.

Our focus on operational execution in connection with our merchant and BC networks and strategic commercial relationships, our drive to offer a broad range of products through each of these distribution channels and the significant capital already invested into our technology infrastructure, has resulted in a highly scalable business.

Operational Experience and Expertise

With the "FINO" brand being in existence for approximately 14 years (i.e., before the commencement of our business operations in June 2017), and Mr. Gupta being a key employee of FINO, we benefit from his operational experience and expertise gained throughout that time. Our business model in particular is partly a product of and, a beneficiary of such experience. We now leverage this to better understand how the digitization of our products and services can shape customer behavior into the future and in conjunction with our tech enabled processes and strong team, aim for operational excellence on a regular basis. We also believe that such experience has played a central role in our ability to turn profitable in the fourth quarter of financial year 2020, approximately three years since commencement of our business operations.

Socially inclusive model with positive social impact

Our business model and operations, as well as our mission and vision, benefit Indian society by bringing India's unserved and underserved population into the main stream banking system and accordingly, improving their access to financial products and services and in turn quality of life.

In delivering our financial products and services we also empower women. In particular, as part of our Business Alliance Initiative, we have engaged with two state level rural livelihood missions to grow the number of women acting as merchants and BCs. As a result of such initiative, the number of female merchants ("own") has recently nearly doubled, increasing from 18,191 as of March 31, 2020 to approximately 35,928 as of June 30, 2021. Since February 2021, we have been working with the Uttar Pradesh State Rural Livelihood Mission to train and on-board 10,000 women from self-help groups as BC "Sakhis", for a period of five years. This initiative aims to improve banking access in rural Uttar Pradesh and enhance the household income of the participating self-help group members. These new BCs will be in addition to our 54,501 merchants already located within Uttar Pradesh as of June 30, 2021. In addition, we are also working with the Bihar State Rural Livelihood Mission and have on-boarded 831 women as BCs as of June 10, 2021 and provide banking products and services in the rural areas of Bihar.

According to the National Financial Literacy and Inclusion Survey 2019, only approximately 27% of the Indian population is financially literate (being a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing), indicating a significant gap and potential for the financial services industry (source: CRISIL). As such, we try to ensure that our "phygital" model is utilized in nearly every community in which we operate.

Highly Experienced and Committed Leadership Team, Marquee Investor Base in our Promoter and Shareholder

We are led by a highly experienced and committed leadership team with a diverse and deep level of expertise, particularly in the financial services and technology industries. This is supplemented by our Board of Directors which includes individuals with a diverse mix of experience in various sectors, including the financial services industry and who benefit from senior level experience in some of India's most respected organisations. Our Board of Directors includes five Independent Directors, which we believe is a key factor in ensuring strong and clear corporate governance standards.

Our Managing Director & CEO, Rishi Gupta was a key employee of FINO and was instrumental in the formation of our business and operations. His initial vision to create a business model around inclusive financial services for Indian society evident in the performance of Fino PayTech Limited and our business. His persistence in aiming for the right services/ products, balancing technology innovations with strengthening distribution and building a strong core team is key to our performance. Mr. Gupta is also the 2021 Co-Chairman of the National Council on Banking and Financial Services, within the Associated Chambers of Commerce and Industry of India, a non-governmental trade association and advocacy group based in New Delhi, India. Currently, Mr. Gupta is supported by our KMP which include, but are not restricted to, our Chief Financial Officer, Chief Operating Officer, Head Human Resources, Chief Information Officer, Chief Sales Officer, Head Business Technology, Head Secretarial and Legal, Chief Marketing Officer and Head Business Alliances. See "*Our Business—Employees*" below on page 148.

We also have low attrition rates throughout our KMP, with 5 of our KMP having been with us since inception in 2017 and, on average, our KMP and Board members have been associated with the "FINO" brand for approximately 5.3 years as of March 31, 2021. For the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, the attrition rates in respect of our KMPs were 0%, 10%, 19% and 18%, respectively, while for our employees they were 12%, 54%, 71% and 65%, respectively. We believe that having a diverse management team with such breadth and depth of experience allows us to leverage the competitive strengths of our business as well as allowing management to identify and act quickly in connection with new opportunities for our business. We believe this creates an internal expert network with a strong operational mindset and accountability.

In addition, the principal shareholders of Fino Paytech Limited, our Promoter and shareholder, include marquee investors such as ICICI Bank Limited, Intel Capital Corporation, International Finance Corporation, HAV3 Holdings (Mauritius) Limited, Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited and BPCL.

Strategies

Leverage our Market Position to Capture Industry Opportunities

In addition to benefiting from the overall growth in India's economy and financial service industry, we believe we can increase our market position and capture industry opportunities by continuing to focus on our competitive strengths and leveraging our business model. Specifically, we believe we can continue expanding our customer base by focusing on the large under-penetrated market represented by the target market, being the unserved and underserved population.

This segment of the Indian population poses unique challenges such as low levels of literacy, lack of financial inclusion and low awareness, for which bespoke and customized financial products and services are required – solutions that we provide. We have substantial experience of operating in this market and have a deep understanding of our customer's needs. We believe this combination of track record and customer knowledge positions us well to seize upon the significant opportunity for our future growth. Our target addressable market according to CRISIL as of March 31, 2021 is approximately ₹0.85 trillion by potential revenue. Such addressable market refers to the potential revenue pool available to companies providing CASA deposit accounts in rural and semi-urban areas and also providing the entire range of payment and remittances related services across urban, semi-urban and rural areas. See "*Risk Factors—Industry information included in this Prospectus has been derived from the CRISIL Report commissioned by us for such purpose. The CRISIL Report is not exhaustive and is based on certain assumptions and parameters/ conditions. There can be no assurance that such third-party statistical, financial and other industry information is either complete, reliable or accurate.*" on page 40.

In addition, we continue to apply an innovative approach to our DTP framework so as to expand our distribution network of merchants and BCs, expand and improve our digital offering and foster new and existing strategic commercial relationships. By continuing to do so, we expect that our merchants, BCs and strategic commercial relationships will facilitate cross-selling product opportunities and maximise our ability to offer customized and complimentary products, therefore better meeting the needs and demands of our customers.

Continued Innovation Leading to High Growth Products and Diversified Revenue Streams

We operate in an industry that is continuously evolving, necessitating us to innovate by improving our technology platform, developing new products and/ or exploring new distribution methodologies. The optimum use of well designed, cost-effective technology has significantly driven our operations, and going forward, we aim to empower customers to access the most suitable products on their own, reduce our operating costs and increase efficiencies. In addition, our open banking platform (i.e., our API capability) has led to more and more transactions getting fulfilled on these platforms by our customers and merchants.

Specifically, we are committed to establishing ourselves as a modern technology-enabled bank that offers a comprehensive suite of products to our target market via a range of touch-points. We also intend targeting high growth products with high margins within our existing offering, as well as exploring new and/ or improved products, in each case with a focus towards products offered through our "own" channel. Typically, the "own" channel products generate higher margins and we will aim to further expand this channel through new products and additional merchants. However, our API channel will continue to remain important for our ability to expand.

We have identified and expect that CASA and micro-ATMs have high growth potential. We are also actively exploring the potential of tie-ups with third party financial institutions such as Non-Banking Financial Companies ("NBFCs") for referral credit products designed for customers, where we will earn fees on such referrals. Currently, our third party referral credit products are only business based credit products offered to our merchants.

With digital adoption gaining momentum within Indian society, we believe that customers will increasingly use our digital platforms, which we expect will lead us to direct customer engagement and improved margins.

Expand and Deepen our Customer Sourcing Capabilities

As of September 30, 2021, we had an operational presence in over 90% of districts, and during the last three financial years and three months ended June 30, 2021, we acquired 696,513 new merchants across our network (including "own" and API channel merchants). In addition, we also had a number of strategic relationships with businesses/organisations across the country, including with a State Road Transport Corporation (the "SRTC") where we introduced a near field communication ("NFC") based contactless payments solutions for the mass transit system. With a goal to acquire more customers, we intend to continue expanding our network to drive deeper penetration and sustainable operations in these regions and communities, focusing on underserved and unserved individuals and micro businesses that have limited or no access to formal banking channels. We also intend to focus on increasing the adoption of our CASA offering by customers as we believe this acts as a key customer sourcing gateway for certain of our other products.

We expect that growth will come via further expansion of our geographic footprint and deeper penetration in the regions we currently operate in. This is likely to be achieved by ensuring that more merchants are on-boarded, departure rates of existing merchants remain low, continuing to provide merchants with opportunities to cross-sell various products and also ensuring that our merchant commission paid per transaction increases.

Continued focus on use of technology to improve operating leverage

Our focus on and use of technology throughout our business is a significant factor in improving our operating leverage, as it allows us to improve gross margins and limit variable costs. It plays a key role in our ability to expand our reach throughout India without incurring the relatively higher costs associated with traditional bricks and mortar branch presence. Since 2017, we have made significant investments in our technology infrastructure, though primarily in the early stages from which we are now benefiting. In the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021, we recorded ₹139.33 million, ₹228.68 million, ₹669.30 million and ₹224.97 million, respectively, of capital expenditure in connection with technology infrastructure, including our core technology platform and in building brand new proprietary applications.

We intend to continue to improve our operating leverage by focussing on our use of technology and in particular in connection with the on-boarding and training of our merchants and also to enhance our "phygital" delivery model.

Description of Our Business and Operations

The below table lists our key performance indicators with respect to our business and operations:

Metric	**Three months ended June 30, 2021**	**Financial year ended**		
		2021	**2020**	**2019**
Merchants*	724,761	641,892	277,399	101,230
CASA Accounts* 1 (in millions)	2.90	2.57	1.43	0.84
Total transactions (in millions)	123.38	434.96	318.56	154.02
Total throughput 2 (₹ millions)	390,359.90	1,329,306.90	944,525.76	456,847.97
Cash withdrawals via micro-ATM and AePS (₹ millions)	146,545.21	561,869.43	301,386.93	73,836.51

Notes:
(1) CASA account data based on reported information lodged with RBI.
(2) Total throughput comprises throughput data from the following products and services: micro-ATM, AePS, CASA, Remittance, CMS and BC Banking.
* denotes as at end of relevant period.

Our Business Model and Revenue Model

We are a growing fintech company offering a diverse range of financial products and services that are primarily digital and have a payments focus. We offer such products and services to our target market, being the unserved and underserved population of Indian society. We cater to the banking requirements of this population primarily through our pan-India merchant network.

In order to reach our target market in an efficient, scalable and cost-effective manner, we rely on our merchant network, where each merchant has access to the required technology to serve the banking and financial needs of its community. Our merchants are a key element in our distribution network and are typically small neighbourhood shops and businesses, where the owners are from the local community and therefore, benefit from a pre-existing familiarity with the people who frequent their outlets. As a result, our merchants form the backbone of our assisted-digital ecosystem which we refer to as our "phygital" delivery model because it combines physical and digital channels, with the aim of migrating customers from offline activity to online activity.

Customers use our merchants to avail various products and services that we offer, including various CASA accounts, debit card transactions, facilitating domestic remittances, open banking functionality (via our API), withdrawing and depositing cash (via micro-ATM or AePS) and CMS. Our merchants also leverage the customer relationships within their respective communities to facilitate us cross-selling other financial products and services such as third party gold loans, insurance, making bill payments, recharges. We earn commission or fee income for each of the products and services offered by our merchants (including those that we cross-sell) and we share such commissions and fees with our merchants, which becomes an additional source of revenue for the merchant, and acts as an incentive to continue. Further, our merchants' ability to cross-sell third party products typically increases the revenue per customer at minimal to no cost to us, which in turn improves our operating leverage and ability to achieve profitability.

Income derived from all of our financial products and services in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 was ₹3,519.69 million, ₹6,732.67 million, ₹7,707.72 million and ₹2,001.86 million, respectively, representing a CAGR of 29.9% for the financial years 2019, 2020 and 2021 and a CAGR of 22.8% for the three months ended June 30, 2021 (assuming annualized first quarter of financial year 2022 data). This income includes miscellaneous income derived from sources such as inter-company BPCL fleet cards, certain UPI transactions, and interchange income on NACH.

Business Model

We operate an asset light business model that is underpinned by our "phygital" model and relies on our merchant network and other participants. We utilize our unique DTP framework, in particular our technology platform, merchants and strategic commercial relationships to maximize product/ service distribution, maximise cross-sell opportunities, reach a vast number of customers in under-penetrated markets and keep fixed costs low – all of which we believe supports the sustainability and scalability of our business model. Automation and digitization of various processes is also key to supporting our asset light business model, where we aim to achieve higher margins across our products.

Our framework creates a network effect and facilitates a seamless interplay between our unique capabilities that exist across the DTP framework. For instance, with respect to:

<u>*Distribution – pan-India network*</u>

We deliver financial products and services to our customers through a variety of distribution channels, primarily merchants, strategic commercial relationships, branches, CSPs and digital channels such as mobile banking applications. Our pan-India distribution network and established relationships with our merchants, strategic commercial relationships and customers has allowed us to offer our customers a differentiated and customized product offering that is well suited for their banking needs and requirements. We also believe that our geographic spread and diversified operations allows us to mitigate certain macro-economic and state-specific risks, facilitates deeper penetration in and around locations where we currently have a presence and allows for greater income generating opportunities.

We have built a pan-India presence with 724,671 merchants (own and API) as of June 30, 2021 which are typically located in Tier-2 and Tier-3 towns (based on population). We incur minimal capital expenditure costs in connection with on-boarding our merchants, because the merchant typically bears all costs (including acquisition costs related to the micro-ATMs and AePS devices), therefore supporting our asset-light business model and providing us with the potential agility required to proactively meet changing customer needs and geographic demands and competitive pressures.

The merchant's use of technology and our use of analytics on the data that we capture enhances the merchant's ability to cross sell the third party products that we offer to our customers, thereby increasing our potential revenue and opportunity to further customise our products and services offering. Our merchants typically assist our customers when engaging with our financial products and services – demonstrating our phygital approach. This is especially important for those customers who are new to banking or apprehensive of technology, both strong characteristics of our target market.

We currently have approximately 17,430 active BCs across India. BCs are generally retail agents engaged by us to provide banking products and services on behalf of other banks (such as Union Bank of India, ICICI Bank and Canara Bank) and at locations other than traditional branches. BCs are authorised to perform a variety of activities including collection of domestic and international remittances, CASA account opening functions, payments made via AePS, bill payments, and mobile recharge, among others. Our BCs are typically equipped with a handheld device, along with a UIDAI compliant biometric reader for identification and authentication purposes.

Additionally, we operate 54 branches and 130 Customer Service Points ("CSPs") as of June 30, 2021. We also use strategic relationships with companies to expand our operational reach, improve brand awareness and acquire new customers.

See "*Our Business– Distribution*" on page 142 below for further details.

<u>*Technology – scalable platform*</u>

We use technology as a medium to efficiently reach our target market in a cost effective manner and enhance our product and service offering through data capture and analytics. Technology allows us to circumvent the traditional brick and mortar bank branch network to interface with our customers and instead engage with the customer directly through our mobile applications, as well as rely on our comparably vast network of merchants, strategic commercial relationships and BCs.

Our unique technological capabilities include our "phygital" delivery model for our products, our dedicated mobile banking applications for merchants and customers, a "neo banking" mindset, digital on-boarding, e-KYC and our in-house technology expertise and culture of application-led innovation which includes proprietary technology. We leverage technology to better serve our customers, identify opportunities, deliver innovative products and advance on our goal of facilitating financial inclusion in India. We have offered digital channels such as mobile banking since commencement of our payments bank business operations in 2017 and manage the entire life cycle of our customers' banking transactions, from on-boarding to customer management, as well as our merchants' banking experience through our various technology platforms.

We offer two mobile applications tailored to the needs of our retail customers and merchants:

- 'Fino BPay' app is a digital solution that utilizes UPI for secure and fast personal banking, merchant payments, among other functions and is targeted at retail customers. The app also includes our "Cash Bazzar" service, that assists users to locate our nearest merchant location should they need to complete a cash deposit or withdrawal. As of March 31, 2021, we had 769,794 registrations of the app (June 30, 2021: 227,914) and during the financial year 2021, 9% (three months ended June 30, 2021: 8%) of requests made through the app were converted to savings bank account customers and transaction throughput amounted to ₹5,798.48 million (three months ended June 30, 2021: ₹1,533.32 million); and

- 'Fino Mitra' app serves as a one-stop-shop solution for our merchants by providing banking and payments related services (utilizing the UPI) such as account opening whereby merchants can on-board CASA customers and navigate e-KYC requirements on behalf of us; issue debit cards to their CASA customers; facilitate money transfers; and provide cash management services for our corporate clients by providing cash deposit facilities. In the financial year 2021, we added 197,876 (three months ended June 30, 2021: 23,861) active users via the app and transaction throughput amounted to ₹49,287 million (three months ended June 30, 2021: ₹14,882.02 million).

See “*Our Business– Information technology*” on page 133 below for further details.

<u>*Strategic commercial Relationships – expanding customer reach and increasing brand recognition*</u>

Our unique capabilities include leveraging the increased reach of our strategic commercial arrangements, product portfolio expansion and cross-selling opportunities, greater customer awareness and acquisition, and incorporating the open banking/ API regime. We have established strategic commercial relationships with a wide variety of Indian companies that are both well-known and trusted brands (including with ICICI Bank Limited, Union Bank of India and BPCL, as well as new and upcoming fintech companies, to provide value added products for these counterparties and for our existing and potential customer base. In addition to strategic commercial relationships, we have also entered into agreements with companies to offer their products such as insurance and gold loans.

We also have an agreement with BPCL whereby we have created a digital banking and payment ecosystem around BPCL’s pan-India network of fuel stations. The ecosystem includes CASA services, AePS transactions and debit card based transactions, and provides us access to BPCL’s extensive network of fuel locations across India.

See “*Our Business– Material commercial relationships – Strategic Commercial Relationships* ” on page 146 below for more information.

Our Products and Services Offerings

Our business is customer-centric and from inception, we have focused on understanding our customers’ financial and banking needs and behaviours (whether retail customer, corporate customer or other banks) so as to offer bespoke products and services in a timely manner. This is also reflected in our brand commitment of we are “*hamesha*” (i.e., we are “*always*”) there for our customers’ banking and financial needs.

Our product and service offering includes liability products and other banking products that generate fee and commission based income and cater to the needs of our target customer market. Income derived primarily from our product and service offering in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 was ₹3,519.69 million, ₹6,732.67 million, ₹7,707.72 million and ₹2,001.86 million, respectively. This income includes miscellaneous income derived from sources such as inter-company BPCL fleet cards, certain UPI transactions, and interchange income on NACH. As per the terms of our RBI License, we do not underwrite any credit products.

Our portfolio of products is primarily designed for customers (i.e., business-to-customer or “B2C”) which we consider to be our “retail” focused offering because we have a direct connection with the end-user. We develop, deploy and typically have end-to-end control over all aspects of such products, including the technology and customer experience. Such products principally include CASA, micro-ATMs and AePS transactions, domestic remittances and the issuing of debit cards. In addition, we cross-sell a suite of third party products through our network which we consider to have a business-to-business-to-consumer focus (or “B2B2C”). Such products principally include insurance (e.g., general, life and health) and gold loans.

We also manage a large BC network on behalf of other banks which we consider to be our “corporate” focused offering (i.e., business-to-business, or “B2B”). Under such corporate BC arrangements, we service the customers of other banks through our BC network which includes on-boarding and other services for such banks as per the prevalent RBI guidelines. Additionally, we have been providing Cash Management Services (“CMS”) to corporate clients since the financial year 2018.

The below table summarizes our primary financial products and services offering, showing retail and corporate categorizations, as well as B2C, B2B2C and B2B focus:

Retail/ Corporate	Focus	Products / Services	Overview	Key Highlights	Revenue basis		
					Transaction	Subscription / One-time fee	On-boarding
Retail	B2C	CASA	• Offers basic current account and saving account opening and related services	• 100% CASA Ratio		✓	
		micro-ATM	• Offers basic banking services like cash withdrawal through handheld device similar to PoS machine • Debit card required	• had the largest network of micro-ATMs, as of August, 2021 (source: CRISIL)	✓		
		AePS	• Offers basic banking services like cash withdrawal, balance enquiry, mini statement, fund transfer (Aadhaar to Aadhaar) • Aadhaar biometric authentication • Debit card not required.		✓		
		Remittances	• Offers domestic money transfer services	• Key customer acquisition point	✓		
		Debit Cards	• Offers classic and platinum Rupay cards	Classic Cards:		✓	

Retail/ Corporate	Focus	Products / Services	Overview	Key Highlights	Revenue basis		
					Transaction	Subscription / One-time fee	On-boarding
			• accepted across all ATMs and POS terminals deployed throughout India	• Daily ATM withdrawal limit of ₹10,000 • Daily POS transaction limit of ₹35,000 Platinum Cards: • Free Insurance cover of ₹0.2 million in case of accidental death / permanent disability due to accident. • Daily ATM withdrawal limit of ₹15,000 • Daily POS transaction limit of ₹50,000.			
	B2B2C	Third party cross sell	• Cross-sell products such as gold loans and insurance		✓		
		Cash Management Services (CMS)	• Offers cash collection services and cash payment services across traditional physical channels and digital channels to corporate clients	• 97 clients as of June 30, 2021	✓		
Corporate	B2B	BC Banking	• Cash withdrawal and deposit is facilitated to the customers of other banks	• Currently have ~17,430 active BCs pan-India			✓

Products

micro-ATMs

Offering:

Micro-ATMs are handheld terminals (similar to a point of sale ("POS") terminal) that typically require a card to be swiped or dipped by the customer, rely on mobile phone / internet connections and are most often used in geographies where it is not practical for the relevant bank to locate a physical bank branch and/ or facilitate doorstop mobile banking by BCs. Customers use our micro-ATMs to deposit cash, withdraw cash, check account balances and request mini-statements. The micro-ATM has a maximum limit of ₹10,000 (regulated limit).

Micro-ATM transactions are either conducted on our "own" channel or on the API channel where we interface with third party financial services entities with whom the merchant is registered. We refer to such third parties financial services entities as API Partners and as of June 30, 2021, we have arrangements with 48 API Partners, including BankIT, RNFI, Mobisafar and Spice Money. API Partners are unable to handle the remittance end-to-end as they do not have a banking license, and accordingly require assistance of a bank and its core banking system infrastructure such as ours, to complete transactions. API Partner entities typically focus on geographies that are not serviced or have limited service from banking entities that hold a bank license (such as us) and offer customers services such as remittance, Aadhaar banking, doorstep cash delivery, utility and bill payments and insurance.

Revenue Model:

We generate interchange commission for every transaction that is conducted through micro-ATMs on our system, regardless of whether the user has a bank account with us or is a customer of another bank. This commission is 0.5% of the transaction amount or ₹15.00, whichever is lower. The revenue we earn through our micro-ATMs depends upon whether the micro-ATM is operating on our "own" channel or on the API channel. On our "own" channel, the transaction commission is split between the merchant and us, whereas on the API channel, the transaction commission is split between three parties, being the merchant, us and the API Partner.

Key Performance Indicators:

We first used micro-ATMs as a product to be utilized by our merchants in the financial year 2018 and as of June 30, 2021 we have a market share of 51% on a micro-ATMs deployed basis (Source: CRISIL).

The below table lists our key performance indicators with respect to micro-ATMs:

Metric	Three months ended June 30,	Financial year		
	2021	2021	2020	2019
Income - micro-ATMs (₹ millions)	389.48	1,731.29	-	-
micro-ATM devices*	256,516	249,841	153,597	51,192

Metric	Three months ended June 30,	Financial year		
	2021	2021	2020	2019
micro-ATM transacting merchants (average monthly)	98,275	99,984	51,714	11,891
micro-ATM throughput (₹ millions)	69,127.08	311,096.44	166,509.64	33,901.96
micro-ATM transactions (in millions)	17.36	86.37	47.01	8.37
micro-ATM Market share* (%)	51%	55%	-	-

Notes:

* denotes as at end of relevant period.

Aadhaar Enabled Payment System (AePS)

Offering:

AePS uses Aadhaar biometric authentication through fingerprint or demographic information, linked to the Aadhaar database with the Unique Identification Authority of India as the basis for a transaction. Unlike a typical micro-ATM, Aadhaar authentication does not require a signature or debit card to be swiped or dipped by the customer and instead uses account details as the basis for an AePS transaction. Customers primarily use AePS to deposit cash, withdraw cash, check account balances and Aadhaar to Aadhaar remittances that are interbank or intra bank in nature.

Together with the biometric reader, AePS transactions are conducted using a transaction application or a POS device that has inbuilt biometric sensors and is AePS compatible, which allow customers to carry out AePS transactions.

AePS transactions also require internet connections and are most often used in geographies where it is not practical for the relevant bank to locate a physical bank branch and/ or facilitate doorstop mobile banking by BCs.

Revenue Model:

We generate interchange commission for every AePS transaction that is conducted through our system, regardless of whether the user has a bank account with us or is a customer of another bank. This commission is 0.5% of the transaction amount or ₹15.00, whichever is lower. Similar to the commission split for our micro-ATMs, on our "own" channel, the transaction commission is split between the merchant and us, whereas on the API channel, the transaction commission is split between three parties, being the merchant, us and an API Partner.

Key Performance Indicators:

The below table lists our key performance indicators with respect to AePS:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Income - AePS (₹ millions)	248.88	832.87	-	-
AePS transacting merchants (average monthly)	185,769	153,147	53,252	17,339
AePS throughput (₹ millions)	77,418.13	250,772.99	134,877.28	39,934.55
AePS transactions (in millions)	26.61	104.87	47.02	13.34

Remittances (money transfers)

Offering:

Remittance refers to a sum of money being transferred from one party to another, whether domestically or internationally. In our case, remittance predominantly refers to domestic transfers by migrant workers who are sending money from the location of their employment, to their homes which are often in other states/regions, for meeting the needs and day-to-day expenses of their family members. We provide the requisite infrastructure and services to facilitate such domestic remittances primarily through our merchant network, branches, CSPs and BC network. Our domestic remittances are capable of being processed using IMPS and National Electronic Funds Transfer. We also currently have a license to deal as an Authorised Dealer – Category II and expect to be able to offer such service to customers in the near future.

Revenue Model:

We earn a commission for every domestic remittance transaction facilitated. The revenue we earn through domestic remittance is based on a percentage of transaction value after accounting for costs and depends upon whether the remittance is carried out through our "own" channel or on the API channel (which typically attracts a lower margin than through our "own" channel).

Key Performance Indicators:

The below table lists our key performance indicators with respect to remittances:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Income - Remittance (₹ millions)				
Own	137.73	705.84	-	-
API	500.78	1,848.34	-	-
Remittance throughput (₹ millions)				
Own	16,154.61	77,416.52	98,306.47	75,211.72
API	57,962.58	214,452.99	308,521.23	159,712.36
Remittance transactions (in millions)				
Own	6.05	30.41	37.03	27.61
API	20.36	76.41	122.20	58.58

CASA

Offering:

We offer two types of current account and six types of savings accounts to our customers and our CASA ratio as of June 30, 2021, was 100%. Opening of these accounts and activating debit card functions occurs in minimal time and access to the account can be made via our mobile banking application, BPay. Access to the account is also available from all of our branches, merchants and CSPs. Further, all six of our savings accounts are interest-bearing and all CASA accounts except the accounts held by minors in the Bhavishya Savings Account have a sweep account facility. These accounts may be used with a debit card and offer a range of functions such as deposits, withdrawals (free at our branches), bill payments, free UPI transactions, free monthly e-mail statements, provision of SMS facility, transfers and receipt of funds. These accounts also have an instant fund transfer facility that leverages the Immediate Payment Service ("IMPS") system at nominal charges to any bank account within India.

The following table sets forth each account and their respective characteristics as of June 30, 2021:

CASA Account	MAB[1]	Key Features
Current Account		
Pragati Current Account	- ₹5,000 in urban locations - ₹2,500 in rural locations	- low cost account for business requirements - free cash deposits for an amount up to five times the MAB maintained in previous month - Sweep account [2]
Sampann Current Account	- Nil MAB - Annual subscription of ₹700	- no minimum MAB required to be maintained - monthly free cash deposit limit of ₹0.5 million - free Debit card with no Annual Maintenance Charges - sweep account [2]
Savings Account		
Shubh Savings Account	- None	- has an annual subscription fee of ₹450.00 (inclusive of GST) free cash deposits up to ₹25,000.00 per month, thereafter 0.5% of transaction amount or ₹5.00 - Sweep account [2]
Pratham Savings Account	- ₹1,000	- free cash deposits up to ₹25,000 per month, thereafter 0.5% of transaction amount or ₹5.00, whichever is higher
Saral Salary Account	- None	- offered to organizations who have registered with us for processing of employee salaries - Sweep account [2]
Jan Savings Account	- None	- has an annual subscription fee of ₹249.00 (inclusive of GST) - free cash deposits up to ₹25,000.00 per month, thereafter 0.5% of transaction amount or ₹5.00, whichever is higher - withdraws (four free per month; thereafter 0.5% of transaction amount) - Sweep account [2]
Bhavishya Savings Account	- None	- Subscription based account tailored for minors in an effort to make them banking ready and instilling a savings habit - annual subscription fee is ₹349.00 (inclusive of GST) - a maximum account limit of ₹50,000.00 - a maximum daily cash withdrawal limit of ₹10,000.00

CASA Account	MAB[1]	Key Features
Suvidha Account	- None	- Account designed for customers who require higher fund transfer limits for domestic remittance purposes. - No initial Funding - No Cash Deposit Charges - Sweep account [2]

Notes:
(1) Monthly Average Balance.
(2) Customers may opt-in to the sweep facility offered by us or to the sweep facility with Suryoday SFB, pursuant to our arrangement with Suryoday SFB.

Revenue Model:

We earn revenue on our CASA accounts by charging:

- an annual subscription fee on our Shubh Savings Account, Jan Savings Account and Bhavishya Savings Account;
- fees where the customer is unable to maintain the MAB on our Pratham Savings Account & Pragati Current Account;
- for fund transfers made from CASA accounts (i.e., account to account transfers and IMPS);
- for cash transactions such as cash deposits and cash withdrawals; and
- other miscellaneous fees in connection with certain SMS alerts and physical account statements.

Key Performance Indicators:

The following table sets forth number of "active accounts"[1] for periods as specified:

CASA Account	Number of active accounts as of September 30, 2021	Number of active accounts as of March 31, 2021
Pragati Current Account	2,091	2,532
Shubh Savings Account	1,678,521	1,265,136
Pratham Savings Account	148,687	166,487
Saral Salary Account	220,860	181,152
Jan Savings Account	117,303	64,304
Sanchay Account[1, 2]	310	816
Bhavishya Savings Account	150,482	84,290
Suvidha Account	20,247	21,999
Sampaan Current account	706	**Nil**
Total	**2,339,207**	**1,786,716**

Historic active account data as of March 31, 2019 and 2020 is not available
Notes:
(1) As per RBI guidelines, an "active account" is an account that has had at least one customer induced transaction in past 12 months.
(2) Sanchay Account is no longer offered to our customers. However we had 310 active accounts as of September 30, 2021.

The below table lists our key performance indicators with respect to CASA:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Income - CASA (₹ millions)	178.27	594.59	-	-
CASA Account Deposits (₹ millions)	2,487.80	2,406.30	1,165.30	470.00
CASA Accounts[* 1] (in millions)	2.90	2.57	1.43	0.84
CASA New Accounts (in millions)	0.34	1.13	0.59	-
CASA Ratio (%)	100	100	100	100

Notes:
(1) CASA account data based on reported information lodged with RBI.
* denotes as at end of relevant period.

Debit Cards (Classic and Platinum)

Offering:

We offer our customers either a "classic" or "platinum" Rupay debit card that is accepted on online platforms and across ATMs and POS terminals deployed throughout India. These are typically offered when a customer opens a CASA Account with us. Our "classic" debit card has a typical daily ATM withdrawal limit of ₹10,000 and a daily POS transaction limit of ₹35,000, while our "platinum" debit card has a daily ATM withdrawal limit of ₹15,000 and a daily POS transaction limit of ₹50,000, certain insurance cover and a concierge service.

Revenue Model:

We earn revenue on debit cards by charging one time issuance fees and an annual maintenance charge per card. We also earn revenue on financial and non-financial transactions that occur through our micro-ATMs and which exceed set 'free' limits.

Key Performance Indicators:

The below table lists our key performance indicators with respect to Debit Cards:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Debit cards outstanding* (in millions)	2.71	2.33	1.15	0.44
Debit cards outstanding - CAGR (%) **	84	103	163	-
Debit cards issuance (in millions)	0.38	1.18	0.71	0.15
Debit cards issuance - CAGR (%) **	30	66	379	-
Debit cards transaction count (in millions)	2.98	8.53	6.10	2.75
Debit card transaction throughput (₹ millions)	8,350.43	21,563.54	15,342.91	6,467.73

Notes:

*denotes as at end of relevant period.

**Three months ended June 30, 2021 result assumes annualized first quarter of financial year 2022 data.

Cash Management Services (CMS)

Offering:

Our CMS offering principally includes cash collection services and cash payment services across traditional physical channels and help digitize physical cash to clients who manage significant volumes of cash. The service involves providing physical locations where agents of our corporate CMS customers can attend and deposit the cash collected from their customers, acceptance of EMI payments, the provision of acknowledgement of the collection/payment transaction through SMS and providing live dashboard (i.e., web portal) for viewing real time transactions. Our current clientele is spread across industries, including banking and financial services ("BFSI"), logistics, e-commerce, and retail industries.

A typical CMS transaction involving a loan with equated monthly instalments ("EMI") requires the borrower to visit our dedicated deposit point within the community (which is typically at a merchant location) to deposit their EMI, at which point we take our commission and our client receives the net proceeds.

Revenue Model:

We earn revenue from CMS on a commission basis according to throughput volumes.

Key Performance Indicators:

As of June 30, 2021, we have 97 CMS clients, with our top three clients based on monthly throughput volume being L&T Finance Limited (Microfinance), Satin Creditcare and RBL Finserv.

The below table lists our key performance indicators with respect to CMS:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Income – CMS (₹ millions)	128.54	305.10	-	-
CMS throughput (₹ millions)	45,582.63	118,284.00	43,010.00	8,523.00
CMS transaction count (in millions)	1.35	4.26	3.28	2.30
CMS Clients*	97	85	39	19
Throughput per Client (₹ millions)	469.92	1,391.58	1,102.82	448.58

Notes:

* denotes as at end of relevant period.

BC Banking

BC Banking describes the BC's that are engaged by us to provide banking products and services on behalf of other banks (such as Union Bank of India and Canara Bank) and are authorised to perform a variety of activities. As of June 30, 2021, we have approximately 17,430 active BCs across India and derive revenue through commissions on each transaction they process. Income derived from our BCs in the three months ended June 30, 2021 and the financial year 2021 was ₹388.37 million and ₹1,512.15 million, respectively. We consider BC Banking and our BCs primarily as part of our distribution network. See "*Distribution–Business Correspondents ("BCs")*" on page 144 below for more information.

Other products

As we operate under our RBI License, we are restricted from directly offering credit products and services such as gold loans (as well as business loans, personal loans, vehicle loans and other types of credit). As such, in order to supplement our revenue streams and diversify our revenue base, we have entered into contracts with third parties to cross-sell such products.

Third party Gold Loans

Offering:

Gold loans are cash loans made against the gold jewellery of a customer. We have entered into strategic business relationships (i.e., agency agreements) with an NBFC to cross-sell gold loans via our BCs. Such third parties are incentivised to offer products through us due to our extensive retail network.

Revenue Model:

We generate revenue on a commission basis, charged to the credit service provider, calculated as between percentage of the total throughput value of gold loans transacted with customers on a monthly basis. Income derived from facilitating gold loans for the three months ended June 30, 2021 and the financial year 2021, was ₹11.64 million and ₹102.69 million, respectively.

Third Party Insurance Products

Offering:

We offer our customers the opportunity to purchase third party insurance products through our distribution network. Currently, we offer general insurance, life insurance and health insurance (comprising, medical insurance, family medical insurance, accident insurance and dengue and malaria insurance). To provide such insurance products, we have obtained registration to act as a corporate agent from IRDAI and have entered corporate agency arrangements with ICICI Lombard General Insurance, ICICI Prudential Life Insurance, Exide Life Insurance and Reliance General Insurance to distribute certain insurance products. We engage with each of these entities on a regular basis to also advise them on new products or changes to existing products that may be offered based on interactions of our own in-field teams and data insights received from end-customers. In addition, we only cross-sell such products to customers that hold a CASA account or a digital wallet account with us.

Revenue Model:

We generate revenue in the form of commission on every insurance policy that we cross-sell, the commission varies according to the type of policy. For the three months ended June 30, 2021 and the financial year 2021, we cross sold 5,263 and 80,774 insurance policies, respectively, deriving ₹1.18 million and ₹9.55 million in income, respectively.

Bill payments and Recharge Facilities

Offering:

We facilitate the payment of bills and Direct-to-home ('DTH") recharges (of television connections, prepaid mobile phone connections and FASTag) via our branch network or at our merchant locations. To facilitate bill payments, we operate as a Bharat Bill Payment Operating Unit under the National Payments Corporation of India Bharat Bill payment system which is a RBI-led system for payments of bills, accessible to consumers across India. Customers may pay bills relating to electricity, gas / LPG, insurance premiums, landline phones, mobile postpaid phones, municipal tax and broadband.

Revenue Model:

We generate revenue in the form of commission charged to the service provider. Income derived from facilitating bill payments and recharges in the three months ended June 30, 2021 and the financial year 2021 was ₹0.16 million and ₹10.45 million, respectively.

FASTags

Our Fino FASTag product is a simple, reloadable tag which enables automatic deduction of toll charges, assisting customers pass through vehicle toll stations without stopping to make a cash transaction. FASTag is linked to awallet account or CASA account from which the applicable toll amount is deducted. The tag employs radio-frequency identification technology and is affixed on the vehicle's windscreen after the tag account is active.

Revenue Model:

The FASTag can be obtained by the customer from our merchants for a flat fee of ₹99.00. The merchant registers the customer's vehicle and issues the tag by linking it to the customer's account . We also share in the interchange income of 1.5% for every toll transaction. Income derived from FASTags in the three months ended June 30, 2021 and the financial year 2021 was ₹0.09 million and ₹0.48 million, respectively.

Nearfield-based contactless pre-paid card payments

Offering:

In association with City Cash, we have introduced a Nearfield-based contactless ("NFC") payments solution for mass transit systems. Specifically, the NFC-based prepaid smart card framework facilitates contactless or tap-and-go payments which enable cashless ticketing for transit systems such as bus networks. It also assists transport operators such as State Road Transport Corporations ("SRTC") convert their existing ticketing hardware infrastructure into NFC compatible with minimal incremental investment.

Revenue Model:

We generate revenues by charging the customer a "convenience" fee every time the customer accesses our touch-points over the entire customer life cycle, including at card registration. We also generate revenue as the customer recharges, charged as a percentage of the recharge amount. In June, 2019, a SRTC introduced the NFC smart card and since then we have sold over 3 million cards. Income derived from facilitating the NFC payments in the three months ended June 30, 2021 and the financial year 2021 was ₹nil and ₹0.87 million, respectively. Income from NFC payments was adversely affected by the COVID-19 related government lockdowns from April to September in 2020.

Third party Business Loans

Offering:

We have entered into strategic business relationships with third party lenders such as Riviera Investors Private Limited to cross-sell business loans (including working capital loans) to our merchants and BCs. Such loans are for amounts between ₹0.2 million and ₹5.0 million with varying interests rates of between 18.0% to 30.0% per annum, or 1.25% to 2.50% flat rates per month. The loans are offered for periods of between 30 days and 36 months. Such loans are not available for retail customers.

Revenue Model:

We generate revenue in the form of commission received from the service provider, which may differ depending on whether the loan is new or being renewed, and also as to the amount being loaned, where for greater amounts we will received a high percentage commission. Income derived from third party business loans in the three months ended June 30, 2021 and the financial year 2021 was ₹0.58 million and ₹0.66 million, respectively.

Planned new products

Our commitment to innovation and our data capture and analytics means we are constantly evolving and improving our product offering. We utilise our data analytics capability to better understand our customers and market on an on-going basis, as well as draw upon the extensive experience and expertise within our teams, KMP and Board, and rely on detailed market research to strategize and develop our offering to the target market.

In July 2021, we launched our person-to-merchant (P2M) payments offering that operates through a QR code-based UPI solution.

We have a number of new product initiatives which are expected to be launched within the next 12 months, with the launch of each product remaining subject to our internal Product Approval Committee approval and RBI approval.

Distribution

We deliver our financial products and services through a variety of distribution channels, primarily merchants and digital channels such as mobile applications, as well as our branches and CSPs, and our BC network in respect of services we provide to other banks. Our established distribution network and relationships with our merchants and BCs and customers has allowed us to offer them customized products and technologies.

The below table lists our key performance indicators with respect to our distribution network:

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
Merchants*	724,671	641,892	277,399	101,230
Own*	366,861	335,359	192,464	96,843

Metric	Three months ended June 30,	Financial Year		
	2021	2021	2020	2019
API*	357,810	306,533	84,935	4,387
Merchant throughput (₹ millions) [1]				
Own	120,292.69	465,276.77	347,307.41	148,007.03
API	100,369.71	388,462.18	360,907.22	160,753.56
Branches*	54	54	100	125
BCs*	17,430	17,269	12,459	9,187
Client Service Points* (CSPs)	130	143	258	95
Fino Mitra: savings accounts opened (in millions)	0.30	1.07	0.55	0.16
Fino Mitra: app downloads	23,861	197,876	119,050	71,397
Fino Mitra: transactions (in millions)	2.94	11.44	13.81	15.43
Fino Mitra: throughput (₹ millions)	14,882.02	49,286.92	54,421.84	53,986.85
Fino Bpay: registration	227,914	769,794	569,718	89,691
Fino Bpay: transactions (in millions)	0.62	2.35	2.37	0.39
Fino Bpay: throughput (₹ millions)	1,533.32	5,798.48	7,192.21	1,071.47

Notes:

* denotes as at end of relevant period.

(1) Merchant throughput includes throughput for domestic remittance, micro-ATM and AePS.

Merchant Network

We believe that geographic expansion and customer growth is most beneficial to us, and is efficiently and sustainably achieved by expanding our merchant network into new regions and also within existing geographies where we operate. We enable each merchant with appropriate technology and knowhow to attract new, and service existing customers. Merchants are typically small neighbourhood shops and businesses, where the owners are from the local community and therefore, benefit from a pre-existing familiarity with the people who frequent their outlets. As a result, our merchants target becoming "trusted bankers" for customers within their communities and often have leverage to increase sales of our existing products and other financial products from our partner institutions.

We believe our merchant network best illustrates the interplay of our asset-light business model, DTP framework and "phygital" approach. The merchant-led distribution model is relatively low cost, compared to product distribution via traditional bank branches, allows us to scale-up quickly and also facilitates deeper penetration in and around locations where we have an existing presence as well as expand to newer regions where we intend to operate. Our merchants are typically neighbourhood shops such as Kirana stores, mobile repair shops, photocopying outlets, dairy outlets, amongst others, where the owners of such outlets are from the local community and are open for extended periods of the day. We have built a pan-India presence with 724,671 merchants as of June 30, 2021, comprising 366,861 "own" merchants and 357,810 merchants on-boarded through the API channel, and which are typically located in Tier-2 and Tier-3 towns (based on population).

During the three months ended June 30, 2021 and the financial years 2021 and 2020, we on-boarded 82,779, 364,493 and 176,169 merchants, respectively and for every merchant we on-board, we target a network effect. A key benefit of our merchant-led distribution network is the ease in which we can replicate it throughout regions and geographies, while using internal benchmarks to assess performance.

Regionally, we had approximately 52%, 12%, 9% and 28% of our total merchant network ("own" merchants) located in the North, South, East and West regions, respectively, as of June 30, 2021.

Merchant acquisition

Our primary methods of acquiring merchants are through a merchant recruitment workforce, our sales team and running recruitment campaigns through digital formats. In addition, our internal criteria for selection include a requirement for a basis physical structure/outlet and with targets typically being premises at locations that have high footfalls and can accommodate the activity of extending banking products and services as per the guidelines set by us from time to time and have the ability to convert the existing customer base to banking customers and also add new customers.

Merchant on-boarding

We can on-board and provide most of our ongoing service to all merchants digitally which significantly reduces our costs. We typically incur minimal capital expenditure costs in connection with on-boarding our merchants, because the merchant typically bears all costs (including acquisition costs related to the micro-ATMs and AePS devices).

Our on-boarding process involves a merchant completing an application form that captures key information about them and their business. This form includes our standard terms and conditions (which may be updated from time to time). Our terms and conditions do not lock merchants into a fixed contract period, permitting merchants to terminate their arrangements with us by providing 30 days' notice. The information collected from a merchant is also used to meet our KYC requirements.

Merchant retention

Merchant retention is a key focus for us. We try to ensure that each merchant receives instant commission on the products they sell or facilitate and that the technology and administration requirements are simple and easy to navigate. Merchants operate on an incentive based model and are offered a commission on every transaction which in effect creates an additional source of income and an increase in footfalls at their locations. Our retention efforts also include telephone calls or messaging via Fino Mitra so our relationships team can discuss issues with the merchant and solve issues they may be experiencing, application notifications to prompt for assistance or training, and our 'feet-on-street' team also meet with merchants face-to-face.

Strategic Commercial Relationships

We have commercial relationships primarily with well-known and respected brands within India. See "*Material commercial relationships–Strategic Commercial Relationships*" on page 146 below for more information.

Network of Branches

We operate 54 branches as of June 30, 2021. All our branches offer customers a standardized experience across all branches and are electronically linked so that our customers may access their accounts and experience full functionality, regardless of which branch they attend.

Customer Service Points ("CSPs")

We operate 130 CSPs as of June 30, 2021. CSPs are physical banking outlets that operate similar to a branch but which do not require RBI approval. We set up CSPs to serve our merchants and customers.

Business Correspondents ("BCs")

BCs are engaged by us to provide banking products and services on behalf of other banks (such as Union Bank of India and Canara Bank) and are authorised to perform a variety of activities including collection of EMIs, payments made via AePS, bill payments, and mobile recharge, among others.

As of June 30, 2021, we have approximately 17,430 active BCs across India and derive revenue through commissions on each transaction they process. Income derived from our BCs in the three months ended June 30, 2021 and the financial year 2021 was ₹388.37 million and ₹1,512.15 million, respectively. In the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021, we had approximately 9,187, 12,459, 17,269 and 17,430 total BCs, respectively. We manage BCs on behalf of other banks and we are required to take responsibility for certain acts and omissions of the BCs within our network. Accordingly, we conduct due diligence and include additional safeguards for minimizing the agency risk.

Impact of the On-going COVID-19 pandemic on our Business and Operations

On March 14, 2020, the India Government declared COVID-19 as a "notified disaster" and initiated a nation-wide lockdown beginning March 25, 2020 for three weeks which was extended to May 31, 2020. The lockdown was periodically extended to varying degrees by state governments and local administrations. In compliance with the lockdown orders announced by the Indian Government, as applicable to banks that were declared essential services, we temporarily closed operations at some of our branches and initiated remote working for some of our employees. Further, since the onset of COVID-19 in 2020, we have recorded positive cases within our business, including for some of our KMP.

A second wave of COVID-19 beginning in March 2021 has become more severe and widespread than the first wave during 2020, with many geographies experiencing shortages of vaccines, hospital beds and oxygen. By late April 2021, India became the first country to report over 400,000 new cases in a 24-hour period. This second wave has also resulted in additional lockdowns throughout India.

Many of our merchants, BCs, business counterparties and service providers temporarily have ceased their operations as a result of the lockdowns. However, from late 2020, up until the second wave beginning March 2021, lockdown related restrictions were relaxed or lifted completely, resulting in a gradual re-opening of the economy, and an improvement in our business and operations. Further, being classified as an 'essential services' led to increased adoption of digital channels for banking transactions across India during this time, and permitted us to be functional across our merchant network and branches. This resulted in some of our products and services to perform better than what we anticipated.

We observed the following positive impacts to our business and operations since the beginning of the COVID-19 pandemic:

- a surge in banking transactions as a result of government relief disbursements. We recorded high levels of transactions through our micro-ATM and AePS networks which consequently led to an increase in our fee/commission income derived from offering such products and also facilitated the opening of CASA accounts as more of the population wanted to gain access to the Indian Government's relief allowance. During the quarter ended September 30, 2020, we opened 297,774 new CASA accounts, which was a 20% increase over new CASA accounts opened during the quarter ended March 31, 2020;

- our BC Banking operations also received an impetus with increased transactions in the regions we operate driven by Indian Government's efforts to support the more vulnerable within the population through certain grants. Disbursement of these grants was through the banking system, using the AePS and micro-ATM facilities for the withdrawal element of the transaction. We were well positioned, despite the closure of branches, to benefit due to our BC network and distribution network of merchants;

- a relatively consistent cash flow within our target market as a result of us waiving of deposit charges during April 2020; and, observed the following negative impacts to our business and operations:

- significant decline in domestic remittance transactions as migrant workers relocated from urban areas to hometown locations, leading to a decline in the need to transfer money home. Although our remittance transactions have largely recovered since the initial outbreak and lockdown, we currently remain approximately 34% below our typical domestic remittance throughput;

- our CMS temporarily operations decreased as a result of government moratoriums on lending and therefore reduced cash handling requirements, though as lockdowns eased this quickly returned to normal transaction levels; and

- the rapid shift to remote working created inherent operational, productivity, connectivity, and oversight challenges during the initial period of lockdown. We have since been able to successfully address and overcome such challenges.

The following table shows the quarterly transactions on our platform of our key offerings from the third quarter of financial year 2020 to the first quarter of financial year 2022:

Particulars	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Total Transactions (in millions) *	85.52	89.57	92.00	100.40	117.96	124.60	123.38
CASA transactions (in millions)	6.49	9.24	8.52	12.12	18.82	26.74	33.61
Remittance transactions (in millions) (own and API)	42.55	38.07	12.68	24.17	34.35	35.62	26.41
AePS transactions (in millions) (own and API)	12.38	14.28	29.89	25.27	24.83	24.88	26.61
Micro-ATM transactions (in millions) (own and API)	14.07	16.45	22.15	21.96	22.92	19.33	17.36
CMS transactions (in millions)	0.83	0.82	0.53	0.99	1.31	1.44	1.35
BC transactions (in millions)	9.21	10.71	18.23	15.89	15.73	16.60	18.04

In response to the COVID-19 pandemic, we initiated a business continuity process and quick response team comprising of senior persons from within our business. We also introduced a 24x7 helpline desk to track, monitor and assist employees with issues relating to COVID-19 and other related assistance. Where cases within the business were reported, we initiated tracking procedures, enforced restrictions on business travel and circulated advisory notices and instructions to all employees. As part of our employee benefit plan, benefit insurance cover for 'band 1' employees (i.e., junior employees in community based service roles, CSP roles, as well as junior corporate roles) is offered amounting to ₹10,000 to employees who test positive.

On September 1, 2020, the Indian Government permitted states to resume all activities and function normally, while continuing with restrictions only in certain containment zones and on January 16, 2021 began its vaccination distribution effort. However, with the second wave of COVID-19 currently spreading throughout India and lockdown being implemented periodically by varying degrees by state governments and local administrations, there remains significant uncertainty relating to the long-term adverse impact of the COVID-19 pandemic on the Indian economy, as well as the global economy and financial markets, and as a result we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in the "Risk Factors" section.

Information Technology

Our business is technology-driven and underpinned by our in-house expertise, culture of application-led innovation, data analytics capabilities and our scalable and sophisticated technology platform that is capable of delivering our wide range of products. Since 2017, we have made significant investments in our technology infrastructure, though primarily in the early stages from which we are now benefiting. In the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021, we recorded ₹139.33 million, ₹228.68 million, ₹669.30 million and ₹224.97 million, respectively, of capital expenditure in connection with technology infrastructure, including our core technology platform and in building brand new proprietary applications, such as online customer sourcing, online servicing, e-KYC, customer relationship management and fraud management.

Our frontend interface which is primarily for customers and merchants has been developed for availability, performance, resilience, security, scalability and the ability to add new features quickly. We've developed it as a "user experience" / "user interface" ("UX/UI") layer that sits over our core banking system. We have built-in a focus toward paperless processing, with a focus on plug-n-play and 100% e-KYC on-boarding.

Our backend infrastructure facilitates integration with corporate clients or counterparties through an API. Such technology applications have allowed us to quickly and efficiently expand our customer reach and increase our brand recognition via our strategic commercial relationships. Prior to any API integration, our Information Security Team seeks Audit Reports from API

Partners for its security assessments to check vulnerabilities. All third parties are subject to our web application firewall systems and other security measures before entering into the API layer.

We rely principally on our data centre, with data being replicated to another centre in near real time. We alternate testing between the two sites on a bi-annual basis, which provides us with redundancy in the event of disruption. In addition, our core technology infrastructure, some of which is proprietary technology, is capable of handling a high number of accounts and transaction volumes and has been successfully tested to handle greater transaction volume than current throughput, which gives us the confidence and operating leverage to support the expansion of our digital offering, providing a solid foundation for our future growth across multiple geographies.

We also utilize a third party data platform that stores transaction data for our data mining and reporting purposes. This allows us to derive insights into product demand, detect fraud and money laundering activity, as well as better understand our customers' transaction behaviour which in turn allows us to achieve useful target customer profiling, resulting in bespoke products to suit the diverse requirements of our customers and improved customer satisfaction.

Data Security

Protecting our technology infrastructure, customer and supplier data from cyber threats is extremely important. We have systems in place to detect and prevent security breaches and cyber-attacks and undertake periodic audits of our systems through an external security auditor. We also create some of our data security infrastructure in-house and outsource certain other functions to third parties for matters such as phishing threats, and have a dedicated Information Technology ("IT") security team that reports to our Chief Information Security Officer

Our Information Security Policy establishes guiding principles aimed at ensuring appropriate mechanisms are in place to identify, prevent, detect, and correct any information security compromise and misuse of our information/ IT systems. The policy aims to enhance governance around our IT systems to ensure we meet regulatory guidelines, any circulars that received from regulators and adequately manage internal and external information threats. Our Information Security Policy is applicable to all offices, branches and centres, including all IT assets and processes, all business processes supported by all employees, contractors and third party users.

Material commercial relationships

As a result of our vast distribution network and multiple products, our revenue generation is not concentrated. We derive revenue from a diverse range of sources, relying principally on large volumes of relatively small fees and commissions from multiple parties.

Strategic commercial relationships

We have established strategic commercial relationships with a wide variety of Indian companies that are both well-known and trusted brands (including with ICICI Bank Limited, Union Bank of India, and BPCL, as well as new and upcoming fintech companies, to provide value added products for these counterparties and for our existing and potential customer base.

We have commercial relationships that are focused on customer sourcing and product distribution. For instance, we have an agreement with BPCL whereby we have created a digital banking and payment ecosystem around BPCL's pan-India network of fuel stations. The ecosystem includes CASA services, AePS transactions, debit card based transactions, bill payment, recharges, domestic remittances and certain third-party products such as insurance, hotel booking, bus and air ticket booking, e-commerce and cash management services. This relationship provides us access to BPCL's extensive network of fuel locations across India, which allows us to use each location as a BC banking outlet to market our products to BPCL's customer base.

We also have agreements with 97 clients in connection with our CMS as on June 30, 2021, with our top three clients based on monthly throughput volume being L&T Finance Limited, Satin Creditcare Network Limited and RBL Finserv.

Corporate History

Fino Paytech Limited, our Promoter and shareholder was granted an in-principle approval to set up a Payments Bank on September 7, 2015 and we commenced operations as a Payments Bank with effect from June 30, 2017, pursuant to receipt of the final RBI approval dated March 30, 2017. Prior to commencement of our business operations as a Payments Bank, our operations formed part of, and were consolidated with, Fino Paytech Limited.

On February 13, 2021, the RBI announced through a published gazette that we were included in the second schedule to the *Reserve Bank of India Act, 1934* as a "scheduled bank" as of January 1, 2021. As a result, we may now expand our treasury operations and access the RBI's liquidity adjustment facility ("LAF") window and explore additional business opportunities within our target market. As a scheduled commercial bank, we are better positioned due to the additional liquidity under LAF to explore opportunities related to the management of government businesses, such as pensions, provident funds (i.e., compulsory, government-managed retirement savings schemes) and various government welfare schemes under direct benefit transfer (being a government mechanism that aims to transfer subsidies directly to the bank accounts of low-income persons, therefore improving transparency).

Competition

We operate in a highly competitive environment, and we face competition across all of our product and service segments from other payments banks, certain fintech companies, micro finance institutions ("MFIs"), small finance banks ("SFBs"), as well as from scheduled commercial banks, public sector banks, private sector banks, non-banking financial companies ("NBFCs") and foreign banks with branches in the country. Our most direct competitors are currently other Payments Banks, being India Post Payments Bank Ltd, Airtel Payments Bank Ltd, PayTM Payments Bank Ltd, Jio Payments Bank and NSDL Payments Bank (source: CRISIL).

We also compete closely across product and service types with a wide range of entities. For instance, we compete closely with other BC operators in our domestic remittance, micro-ATM and AePS offerings as BC operators are the "last mile" service providers operating on behalf of other banks. In addition, for our CASA accounts, we compete closely with regional rural banks, public sector banks and small finance banks; for our CMS, we compete closely with BC operators and dedicated CMS entities; and for our third party insurance sales we compete closely with insurance companies, brokers, corporate agents and online insurance aggregators.

Customers Base and Customer Experience

We operate within the regulatory framework relating to payments banks established by the RBI which has as its primary objectives to further advance financial inclusion by providing quality banking products to migrant labour workforce, low income households, small businesses and other unorganised sector entities, which are populations for whom the traditional banking system is ill-suited to accommodate. The characteristics of our typical customer include:

- *behaviour* – we target customers that are new to banking and typically less preferred by the conventional banking system due to lower denomination transactions that are most commonly required and which are often done in cash;

- *age* – we are increasingly targeting customers in the 21 to 30 years age bracket. People in this bracket are in a life stage that typically results in greater responsibilities, including a need to use the banking system;

- *geographies* – we have a focus toward rural locations; and

- *income* – the above characteristics generally result in us targeting income levels in the range of ₹0.2 million to ₹1.0 million per annum.

Marketing Strategy

We market our products through a variety of channels, including in-store branding (e.g., at merchant locations), print advertisements, over-the-top networks, social media (e.g., Facebook and You Tube), Google search and Google display ads, radio, in-app advertisements, on-ground activation, phone calls, push notifications, chatbot and hyperlocal marketing via URLs. Also, to encourage our merchants to cross-sell our third party products, or be made aware of new product initiatives, we utilize CleverTap, a SaaS based customer lifecycle management and mobile marketing tool. However, many of the functions that are currently being undertaken through CleverTap are increasingly being made through our applications, Fino Mitra and BPay.

We also leverage information derived from our analytics team and third parties to optimize our marketing activities. Specifically, by using data and insights, we are able to more accurately target certain customers or potential customers and measure the effectiveness of our marketing initiatives.

Brand management

Our brand, reputation and customer satisfaction have played an important role in us remaining an industry leader, as well as developing our business and improving our market position. We are focused on understanding the needs, behaviours and desires of our customers, as well as those involved in our distribution network such as merchants and BCs, and this is reflected in our brand commitment of we are "*hamesha*" (i.e., we are "*always*") there for our customers' banking and financial needs. We believe customers that use our micro-ATMs view it as a "human ATM" and accordingly view our business as the "local national bank". Consistent with this, we have deliberately branded some of our bank accounts to create distinct identities, such as the Shubh Savings Account and the Bhavishya Savings Account. We believe that by attaching an identity to our products, a strong connection is made by the customer to our brand. In addition, to assist in managing our online reputation, we typically engage an online reputation management platform that utilizes artificial intelligence to categorize the nature of our customers' messages or online posts (i.e., query, complaint or compliment), prior to being manually responded to by our team.

In recognition of our overall approach, we have been awarded The Economic Times' "ET Best BFSI Brands 2021" and "ET Best Rural Strategy 2019", amongst several awards for effective advertising and consumer outreach.

Risk Management

Managing risk effectively is fundamental to the way we manage our business. We seek to make sensible and balanced business decisions through our risk appetite and corporate governance frameworks. We have established a risk management framework underpinned by a comprehensive suite of policies, operational processes, procedures and governance structures. Our Board of Directors has overall responsibility for the establishment and oversight of our risk management framework, consistent with the Operating Guidelines for Payments Bank. The RBI, as part of the Operating Guidelines for Payments Banks, have mandated payments banks to implement the operational risk management requirements, issued by RBI for Scheduled Commercial Banks that relate to operational risk.

Our operational risk management policy have been established to identify and analyse the risks we face, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Such policy is reviewed on an annual basis and more frequently as required, to reflect changes in market conditions and our activities.

Intellectual Property

We utilize various forms of intellectual property in our business including "FINO" , "FINO" , "Bpay" and "Mitra" , Fino PayTech Limited providing us with two "no objection" certificates, dated May 20, 2021 and July 15, 2021, as applicable, for use of such trademarks, without costs (including any license fee) or considerations, or conditions. Currently, we are the registered owner of "Fino Payments Bank" trademark and logo and the domain name (www.finobank.com).

Further, the trademarks "Fino– Fino Finance" (with blue background) and "Fino– Fino Finance" (with white background) are registered in the name of Fino Finance Private Limited, one of our Group Companies. Fino Finance Private Limited has through its "no objection" certificate dated June 2, 2021, granted us permission and no objection to use the trademarks registered in its name without costs (including any license fee) or considerations, or conditions. For further details please see, "*Government and Other Approvals - Intellectual Property*" on page 282.

We believe our intellectual property has significant value and is materially important to our business. We are proactive about protection of our intellectual property and take appropriate action where any other entity uses or attempts to use any mark similar to trademarks owned by us or makes attempts to secure registration of marks similar to trademarks owned by the Bank.

Awards and Accolades

We have recently received a "Great Place to Work" certification from the Great Place to Work Institute, India for financial year 2021, been awarded The Economic Times' "ET Best BFSI Brands 2021" and "ET Best Rural Strategy 2019", and a 2021 Model Risk Manager award from Celent, in respect of legacy and ecosystem transformation.

Employees

As of June 30, 2021, we had a total of 2,801 employees. The following table shows the distribution of our employees by key functions:

Function / Department	Number of employees as of June 30, 2021
Business Alliance	24
Business Technology & Information Security Management System	110
Central Operations	100
Facilities Management & Logistics	20
Human Resource	16
Legal & Secretarial	5
MD Office	Nil
Products	22
Training	32
Sales & Distribution and Customer Acquisition Group	2373
Corporate Finance and Treasury	23
Marketing & Analytics	12
Risk, Compliance & Internal Audit	64
Total	**2,801**

We seek to recruit the right talent at an early stage of the employee career curve and develop them within our organization. We also believe that having a mix of employees at difference stages within their careers is very important for the success of the organization, accordingly (i) we hire recent graduates from various "B" school campuses, as well as the technology institutes, and (ii) engage in lateral hiring to obtain mid-level and leadership talent from within our industry.

Our KMP are Rishi Gupta, Ketan Dhirendra Merchant (Chief Financial Officer), Ashish Ahuja (Chief Operating Officer), Pratima Pinto Thomas (Head Human Resources), Vinod Kumar KB (Chief Information Officer), Shailesh Pandey (Chief Sales Officer), Basavraj Loni (Company Secretary and Compliance Officer), Bharat Bhanushali (Head Business Technology), Anand Bhatia (Chief Marketing Officer) and Amit Kumar Jain (Head Business Alliances).

Additionally, in order to build a responsive and respectful work environment, we have prepared an employee complaint and resolution policy, equal opportunity and non-discrimination policy, prevention of sexual harassment at workplace policy, and code of conduct for employees.

Insurance

We maintain or are covered for all material insurance policies that we believe are customary for the financial products and services industry, and all such material insurance policies are current. These are bankers blanket bond (a master policy covering cash in transit, cash at premises and employee fraud) and debit card policy. In addition, as a subsidiary of Fino Paytech Limited, we are covered under the following polices held by it: cyber policy, all risk policy, marine open inland declaration policy, business shield policy, standard fire and special perils insurance, directors & officers liability (D&O), professional indemnity insurance and commercial general liability policy.

Seasonality

Although we generally do not experience seasonality in our operations or results, we do observe minor increases in cash withdrawals during festive seasons.

Properties

Our registered and corporate office is situated at Mindspace Juinagar, Plot No Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai - 400 706 is not owned by us. Newfound Properties and Leasing Private Limited, a third party, has leased this premise to us for a period of nine years beginning from August 6, 2019.

As of June 30, 2021, we operated 54 branches and 130 CSPs located across 16 states, which are located on leased premises.

KEY REGULATIONS AND POLICIES

The following is a brief overview of certain specific Indian laws and regulations, which are relevant to our Bank's business. The information detailed below has been obtained from various legislations, including rules, regulations, guidelines and circulars promulgated and issued by regulatory bodies that are available in the public domain. The overview set out below is not exhaustive and is only intended to provide general information, and is neither designed, nor intended, to be a substitute for professional legal advice. For details of the government approvals obtained by our Bank in compliance with these regulations, see "Government and Other Approvals" beginning on page 280. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Banking Regulation Act, 1949, as amended ("Banking Regulation Act")

Banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to the bank subject to compliance with certain conditions some of which include that: (i) the bank has or will have the ability to pay its present and future depositors in full as their claims accrue; (ii) the affairs of the bank are not or are not likely to be conducted in a manner detrimental to the interests of the present or future depositors; (iii) the bank has adequate capital structure and earnings prospects; (iv) public interest will be served if such a license is granted to the bank; and (v) the general character of the proposed management of the company will not be prejudicial to public interest or the interests of the depositors. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for such commercial banks. The appointment, re-appointment or termination of the auditors of the banks is subject to the approval of the RBI. The RBI can direct a special audit in public interest, or in the interest of the banking company, or in the interest of its depositors. The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities. As per the Banking Regulation Act read with the gazette notification DBR.PSBD. No. 1084/16.13.100/2016-17 dated July 21, 2016, there is a limit of 26% on voting rights in respect of private sector banks. Pursuant to amendments to the Banking Regulation Act in January 2013, private sector banks are permitted, subject to the guidelines framed by the RBI, to issue perpetual, redeemable or irredeemable preference shares in addition to ordinary equity shares.

Further, the Banking Regulation Act, requires any person to seek prior approval of the RBI, to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5% or more of the paid-up capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person or persons acting in concert with him, holding more than 5% of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5%, if such person is deemed to be not fit and proper to hold shares or voting rights, by the RBI. Under the RBI (Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks) Directions, 2015, as amended, an existing shareholder who has already obtained prior approval of RBI for having a "major shareholding" in a private sector bank, need not obtain approval for an additional fresh acquisition resulting up to 10% aggregate shareholding in such bank. However, if the additional acquisition results in an aggregate shareholding that is in excess of 10%, the prior approval of RBI must be obtained. Further, persons with 'major shareholding' shall also periodically report to the concerned bank on continuing to be fit and proper.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25% of the net profit before appropriations. In terms of Section 17(2) of the Banking Regulation Act, if there is an appropriation from this account or the share premium account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation. However, in terms of the RBI circular bearing number DBOD.BP.BC No. 31 / 21.04.018/ 2006-07 dated September 20, 2006, banks are advised in their own interest to take prior approval from the RBI before any appropriation is made from the statutory reserve or any other reserves.

Certain amendments also permit the RBI to establish a 'Depositor Education and Awareness Fund', which will take over any credit balances in any account in India with a banking company which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years.

The amendments also confer power on the RBI (in consultation with the central government) to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole- time director, manager, chief executive officer of a bank shall have effect only if it is made with the prior approval of the RBI. Further, no amendment in relation to the maximum number of permissible directors, remuneration of the chairman, managing director, whole-time director or any other director, manager, chief executive officer shall have effect unless approved by the RBI. RBI is also empowered to remove a chairman, director, chief executive officer or other officer or employee from office on the grounds of public interest, interest of depositors or securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank's shareholders to elect new directors. Banking companies are restricted from granting loans or advances on the security of its own shares, enter into any commitment for granting any loan or advance to or on behalf of (i) any of its directors; (ii) any firm in which any of its directors is interested as partner, manager, employee or guarantor; or (iii) any company which is not a subsidiary of the banking company, a company registered under Section 25 of the Companies Act, 1956, a government company, a subsidiary or a holding company of which any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which the director holds substantial interest; or (iv) any individual in respect of whom any of its directors is a partner or a guarantor. The RBI notification bearing number DOR.CRE.REC.No.33/13.03.00/2021-22 dated July 23, 2021, has revised the threshold amount for which sanction of board of directors/management committee is required before granting such loan to specified persons.

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment of the concerned director or employee. Banks are also required to disclose the penalty in their annual report.

The Reserve Bank of India Act, 1934, as amended ("RBI Act")

The RBI Act provides a framework for supervision of banking firms in India. The RBI Act was passed to constitute a central bank to, *inter alia*, regulate the issue of bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country. RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. Further, RBI may direct any banking company to submit returns for the collection of credit information and may also furnish such information to a banking company upon an application by such company. RBI has the power to impose penalties against any person for, *inter-alia*, failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Guidelines for Licensing of "Payments Banks" in the Private Sector dated November 27, 2014 issued by the RBI ("Payments Bank Licensing Guidelines")

The RBI issued the Payments Bank Licensing Guidelines and clarifications dated January 1, 2015, for licensing of payments bank in the private sector. The following is an indicative list of guidelines applicable to our Bank:

a) Registration, licensing and regulations: Payments bank are required to be registered as public limited company under the Companies Act and get license under Section 22 of the Banking Regulation Act, 1949.

b) Eligible promoters: The Payments Bank Licensing Guidelines specifies the eligibility criteria for a promoter to set up a payments bank business. These criteria aim to ensure that the promoter and members of promoter group qualify 'fit and proper' criteria and have sound credentials, integrity, financial soundness and successful track record for running a payments bank business.

c) Scope of activities: Payment banks have been set up as differentiated bank and are permitted to set up their own outlets such as branches, ATMs, business correspondents etc. Payments bank can issue ATM/ Debit Card but cannot issue credit cards. Further, they can be a part of any card payment network (other than credit cards) that is authorised under the Payment and Settlement Systems Act, 2007. Payments bank can offer internet banking services and can choose to become a business correspondent of another bank, subject to the RBI guidelines. As a channel, the payments bank can accept remittances to be sent to or receive remittances from multiple banks under a payment mechanism approved by RBI, such as RTGS/NEFT/IMPS. Payments bank are also permitted to handle cross border remittance transactions in the nature of personal payments/ remittances on current account. Further, payments bank can undertake other non-risk sharing simple financial services activities, not requiring any commitment of their own funds, such as distribution of mutual fund units, insurance products, pension products, etc. with the prior approval of the RBI and after complying with the requirements of the sectoral regulator for such products. Payments bank can also undertake utility bill payments etc, on behalf of its customers and general public. Payments bank are prohibited from setting up subsidiaries to undertake non-banking financial services activities and other non-financial activities of the promoters, if any, are to be kept distinctly ring-fenced from the payments bank.

d) Capital requirement: The Payments Bank Licensing Guidelines specifies the minimum paid up capital of a payments bank to be ₹1,000.00 million. It also specifies the minimum capital adequacy ratio, minimum tier I capital, maximum tier II capital, leverage ratio and capital adequacy ratios which need to be maintained by payments bank.

e) Foreign shareholding: Foreign shareholding is as per the FDI Policy for private sector banks, as amended from time to time. As per the current FDI Policy, foreign direct investment is permitted up to 49% under the automatic route and up to 74% under government route in a private sector Indian bank At least 26% of the paid-up capital of a payments bank has to be held by residents at all times. The individual FII/FPI holding is restricted to 10% and the aggregate limit of all FII/FPI/QFI cannot exceed 24% of the total paid up capital, which can be raised to 49% of the total paid capital by passing a special resolution. Further, individual NRI limit cannot exceed 5% of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24% of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.

f) Voting rights and transfer/acquisition of shares: The limit of 26% on voting rights in respect of private sector bank is also applicable to payments bank.

g) Prudential norms: Payments bank are required to establish a robust operational risk management system and adhere to RBI's guidelines on liquidity risk management.

h) Corporate governance: The Board of a payments bank is required to have a majority of independent directors and comply with corporate governance guidelines including 'fit and proper' criteria for its directors issued by RBI from time to time.

i) Others: In addition to the above guidelines, the Payments Bank Licensing Guidelines also specifies certain other guidelines such as having a minimum number of physical centres in rural areas, requirements of technology plan, customer grievance cell among others.

Operating Guidelines for Payments Bank dated October 6, 2016 issued by the RBI ("Payments Bank Operating Guidelines")

The Payments Bank Operating Guidelines are supplementary to Payments Bank Licensing Guidelines and they have been brought into force considering the differentiated nature of business and financial inclusion focus of payments bank. The Payments Bank Operating Guidelines set out the following:

a) Prudential Regulation: The Payments Bank Operating Guidelines lays down prudential framework for payments bank which is largely drawn from the Basel standards. It deals with required capital adequacy framework, large exposure limits, inter-bank borrowings, investment classification and valuation, it also mentions restrictions on giving loans and approval requirements for product launch and limitations on para banking activities.

b) Corporate Governance: As per the Payments Bank Operating Guidelines, all the extant corporate governance norms applicable to private sector banks and the extant provisions on constitution and functioning of board of directors, apply to a payments bank.

c) Banking Operations: The Payments Bank Operating Guidelines requires payments banks to take prior approval of their annual plans for opening physical access points. This is mandatory for the first five years and it may be liberalised after that. These guidelines also regulate engagement of business correspondents. Lastly, in the banking operations segment, the guidelines mention that extant provisions applicable to scheduled commercial banks with respect to bank charges, lockers, nominations, facilities to disabled persons also apply to a payments bank.

d) KYC Requirements: As per the Payments Bank Operating Guidelines, all the extant regulations concerning KYC including those covering the Central KYC Registry, as applicable to commercial banks also apply to payments bank. Payments bank need to ensure that all customers, including customers of mobile companies onboarded comply with the KYC Regulations.

Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function Staff dated November 4, 2019 issued by the RBI ("RBI Compensation Guidelines")

The Financial Stability Board Principles for Sound Compensation Practices, 2009, as amended ("**FSB Principles**") aim to ensure effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement in compensation. The FSB Principles have been endorsed by the G-20 countries and the Basel Committee on Banking Supervision ("**BCBS**") which has published remuneration related reports and disclosure requirements. Pursuant to the stipulations in the reports and disclosure requirements published by BCBS, RBI issued the RBI Compensation Guidelines, which are based on the FSB Principles and are applicable to all private sector banks and foreign banks operating in India. In line with the FSB Principles, banks are required to take steps to implement certain guidelines by putting in place necessary policies/systems. These guidelines include, *inter alia*, formulation of a compensation policy, constitution of nomination and remuneration committee, alignment of compensation of whole-time directors / chief executive officers and material risk takers with prudent risk taking, etc. All applications for approval of appointment/re-appointment or approval of remuneration/revision in remuneration of whole-time directors/chief executive officers shall be submitted to the RBI with the details as prescribed in the guidelines. These guidelines shall be applicable for pay cycles beginning from/after April 1, 2020.

Guidelines on Compensation of Non-executive Directors of Private Sector Banks dated June 1, 2015 issued by the RBI

The board of directors of a private sector bank, in consultation with its remuneration committee of the bank, is required to formulate and adopt a comprehensive compensation policy for non-executive directors (other than part-time non-executive chairman), subject to the requirements prescribed under the Companies Act. The Board may, at its discretion, provide for in the policy, payment of compensation in the form of profit related commission to the non-executive directors, subject to bank making profits. Such compensation, however, shall not exceed ₹1.00 million per annum for each non-executive director. In addition to the directors' compensation, the bank may pay sitting fees to the non-executive directors and reimburse their expenses for participation in the board and other meetings. Further, all private sector banks are required to obtain prior approval of RBI for granting remuneration to the part-time non-executive chairman under Section 10B(1A)(i) and 35B of the Banking Regulation Act.

Master Circular - Mobile Banking Transactions in India- Operative Guidelines for Banks dated July 1, 2016 as amended ("Mobile Banking Transaction-Operative Guidelines")

The Mobile Banking Transaction-Operative Guidelines contains all rules, regulations and procedures prescribed to be followed by banks for operationalizing mobile banking in India. Banks which are licensed, supervised and have physical presence in India, are permitted to offer mobile banking services after obtaining one-time RBI approval. Only banks who have implemented core banking solutions are permitted to provide mobile banking services. Banks are required to put in place a system of registration of customers for mobile banking. Further, to meet the objective of a nation-wide mobile banking framework, facilitating inter-bank settlement, a robust clearing and settlement infrastructure operating on a 24x7 is mandated. Pending creation of such a national infrastructure, banks may enter into bilateral or multilateral arrangement for inter-bank settlements, with express permission from the RBI, unless such arrangements have been authorised by the RBI under the Payment and Settlement System Act, 2007, as amended.

Master Directions - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016, as amended ("KYC Directions")

KYC Directions are applicable to every entity regulated by RBI specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, all India financial institutions, NBFCs, miscellaneous non- banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entity shall be required to carry out risk assessment for money laundering and terrorist financing periodically to identify, assess and take effective measures to mitigate such risks. The KYC Directions also prescribe detailed instructions in relation to, *inter alia*, the due diligence of customers, record management and reporting requirements (such as the details of the person designated by the board of directors as a designated director etc.) to the Financial Intelligence Unit – India.

Master Directions- Digital Payment Security Control dated February 18, 2021

The RBI gives highest importance to the security controls around it. Now it is proposed to issue Reserve Bank of India (Digital Payment Security Controls) Directions, 2020, for regulated entities to set up a robust governance structure for such systems and implement common minimum standards of security control. These directions are applicable to scheduled commercial banks (except regional rural banks), small finance banks, payments banks and credit card issuing NBFCs. In terms of this circular, the regulated entity shall evaluate risks associated with the chosen technology platforms, application architecture, both on the server and client side and develop sound internal control systems to take into account operational risk before offering digital payment products and related services.

In view of the proliferation of cyber-attacks and their potential consequences, regulated entities should implement, except where explicitly permitted/ relaxed, multi factor authentication for payments through electronic modes and fund transfers including cash withdrawals from ATMs/ micro ATMs/ business correspondents, through digital payment applications.

Master Circular – Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015 ("Prudential Norms for Investment Portfolio")

The Prudential Norms for Investment Policy requires banks to frame an internal investment policy guideline, and obtain the approval from its board of directors. The investment policy may be suitably framed/ amended to include primary dealer activities. The overall framework of the investment policy should limit the primary dealer business to dealing, underwriting and market–making in Government securities. The investment policy guidelines should strictly observe the detailed instructions from the RBI regarding Separate Trading of Registered Interest and Principal Securities (STRIPS), ready forward deals in government securities, transaction through subsidiary general ledger account, use of bank receipts, retailing of government securities, internal control systems, dealing through brokers and audit, review and reporting. The entire investment portfolio of the bank is required to be classified in three categories – (i) held to maturity; (ii) available for sale; and (iii) held for trading.

Master Directions – Ownership in Private Sector Banks, Directions, 2016 dated May 12, 2016

The RBI issued master directions for ownership in private sector banks on May 12, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorised as natural persons (individuals) and legal persons (entities/institutions) for the purposes of ownership limits in the longer run. Non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters/promoter group), the limit shall be 10% of the paid-up capital. However, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15%, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15%, (iii) in case of ‘regulated, well diversified, listed entities from the financial sector’ and shareholding by supranational institutions or public sector undertaking or Government undertaking, a limit of 40% is prescribed, and (iv) higher stake/strategic investment by promoters/non-promoters through capital infusion by domestic or foreign entities/institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation/ restructuring of problem/ weak banks/ entrenchment of existing promoter or in the interest of the bank or in the interest of consolidation in the banking sector.

A period of 12 years from the date of commencement of business of the bank shall be available for the promoter and promoter group in cases where dilution to a lower level of shareholding is required for compliance with the specified limits. Acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, with the aggregate foreign investment in private sector banks not exceeding 74% of the paid-up capital. The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank’s equity shares, if by such acquisition, the investing bank’s holding is 10% or more of the investee bank’s equity capital. However, RBI may permit a higher level of shareholding by a bank in exceptional cases.

Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016 dated April 12, 2016

The RBI issued master directions for issue and pricing of shares by private sector banks on April 21, 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, “private sector banks” have been defined as banks licensed to operate in India under the Banking Regulation Act other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares by way of public issues (initial public offer, further public offer), private placement (preferential issue, qualified institutional placement), rights issue and bonus issue, subject to compliance with applicable laws such as FEMA and extant foreign investment policy of the GoI for private sector banks, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions dated November 19, 2015 on Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks and reporting of complete details of the issue to RBI such as date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position, etc., along with a copy of the board/ annual general meeting resolution and prospectus/ offer document in the prescribed format.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006, provides the extent and scope of the authority and functions of the banking ombudsman for redressal of grievances against deficiency in banking services concerning loans and advances and other specified matters, to provide for revised procedures for redressal of grievances by a complainant under the scheme and to broaden the scope of complaints addressed by the banking ombudsman.

Internal Ombudsman Scheme, 2018

The Internal Ombudsman Scheme, 2018, requires all Scheduled Commercial Banks in India having more than ten banking outlets (excluding Regional Rural Banks), to appoint an Internal Ombudsman in their banks. The Internal Ombudsman has the duty to examine customer complaints which are in the nature of deficiency in service on the part of the bank, (including those on the grounds of complaints listed in Clause 8 of the Banking Ombudsman Scheme, 2006) that are partly or wholly rejected by the bank. The Internal Ombudsman Scheme envisages an internal escalation mechanism where the customers of the banks are not required to approach the Internal Ombudsman directly. The implementation of Internal Ombudsman Scheme, 2018 will be monitored by the bank’s internal audit mechanism apart from regulatory oversight by RBI.

Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 dated April 1, 2016 (“Corporate Agent Regulations”)

Obtaining registration certificate under Corporate Agent Regulations is a pre-requisite for undertaking the business of soliciting, procuring and servicing insurance business for life insurers, general insurers and health insurers. It lays down conditions for grant of registration and mandates certain disclosures with Insurance Regulatory and Development Authority of India (“IRDAI”). It also specifies instructions for record keeping, tele marketing, maintenance for professional indemnity insurance and provides a code of conduct for corporate agents, Not complying with provisions of Corporate Agent Regulations or other regulations made under the Insurance Regulatory Development Authority Act, 1999 may lead to cancellation of registration under this regulation.

Other legislations In addition to the above, a payments bank, as an entity operating in the banking sector in India, is required to comply with applicable banking and securities laws in India, including, amongst others, the SEBI Takeover Regulations, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Indian Contract Act, 1872 , the PMLA, the SCRA along with its rules and regulations and the master circulars, directions and guidelines issued by the RBI, from time to time as provided below:

- RBI Circular relating to Financial Inclusion by Extension of Banking Services- Use of Business Correspondents/ Business Facilitators by Urban Co-operative Banks dated December 10, 2010;

- RBI Master Direction in relation to Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign entities updated as on March 29, 2019;

- RBI Circular relating to Domestic Money Transfer- Relaxations dated October 05, 2011;
- RBI Master Direction- Money Transfer Service Scheme (MTSS) dated February 22, 2017;
- Master Direction on Issuance and Operation of Prepaid Payment Instruments dated October 11, 2017 updated as on November 17, 2020;
- Master Circular- Para-banking Activities dated July 1, 2015;
- Master Circular on Customer Service in Banks dated July 1, 2015;
- Master Circular on Frauds- Classification and Reporting dated July 2, 2015;
- Real Time Gross Settlement (RTGS) System Regulations, 2013 as amended on February 2017;
- National Electronic Funds Transfer System Procedural Guidelines dated April 2011;
- Aadhar Enabled Payment Services (AePS)- Operating and Settlement Guidelines;
- Micro-ATM Standards dated March 2013;
- Guideline on usage of UPI API's dated September 25, 2020;
- National Automated Clearing House (NACH) Procedural Guidelines dated June 06, 2018;
- Implementation Guidelines for IMPS dated September 18, 2020; and

A payments bank is also required to comply with the provisions of the Companies Act, FEMA, labour laws, and various state specific shops and establishment legislations, various tax related legislations and other applicable regulations, notifications, circulars and guidelines, and other applicable statutes and policies along with the rules formulated thereunder for its day-to-day operation.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Bank

Our Bank was incorporated as 'Fino Fintech Foundation' pursuant to a certificate of incorporation dated on June 23, 2007 issued by Registrar of Companies Maharashtra at Mumbai. Pursuant to surrender of our license issued under section 8 of the Companies Act, our name was changed to 'Fino Fintech Private Limited' and a fresh certificate of incorporation dated December 15, 2015 was issued by Registrar of Companies, Maharashtra at Mumbai. Thereafter, pursuant to the conversion of our Bank to a public limited company, the name of our Bank was changed to 'Fino Fintech Limited', and a fresh certificate of incorporation dated February 3, 2017 was issued to our Bank by the Registrar of Companies, Maharashtra at Mumbai. Our Promoter, Fino PayTech Limited, was granted an in-principle approval to establish a payments bank ("**Payments Bank**"), by the RBI, pursuant to its letter dated September 7, 2015. Subsequently, our Bank received the final approval of the RBI to carry on the business as a Payments Bank on March 30, 2017. Pursuant to receipt of approval by RBI, the name of our Bank was changed to 'Fino Payments Bank Limited' and a fresh certificate of incorporation dated April 4, 2017 was issued by Registrar of Companies, Maharashtra at Mumbai. Our Bank commenced its business operations of payments bank on June 30, 2017 and was included in the second schedule to the RBI Act pursuant to notification no. DoR.NBD.No.2138/16.03.005/2020-21 dated January 1, 2021 published in the Gazette of India (Part III - Section 4) on February 13 – February 19, 2021.

Change in the registered office address

Date of change	Details of change in the address of the Registered Office	Reason for change in the address
June 8, 2015	The Registered Office of our Bank was changed from Tarun Bharat, Plot Nos. 38 & 39, Sector 30, Sanpada (West), Near Sanpada Railway Station, Navi Mumbai – 400 706 to Shree Sawan Knowledge Park, 2nd Floor, D-507, TTC Industrial Area, MIDC Turbhe, Navi Mumbai – 400 705	To consolidate our offices in Navi Mumbai and for better operational synergies, cost efficiency and better workplace experience by adopting more well-equipped modern infrastructure setup.
November 13, 2019	The Registered Office of our Bank was changed from Shree Sawan Knowledge Park, 2nd Floor, Plot No. D-507, TTC Industrial Area, MIDC Turbhe, Navi Mumbai – 400 705 to Mindspace Juinagar, Plot no. Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai – 400 706	To consolidate our offices in Navi Mumbai and for better operational synergies, cost efficiency and better workplace experience by adopting more well-equipped modern infrastructure setup.

Main objects of our Bank

The main objects of our Bank as contained in our MoA are:

1. To establish and carry on the business of Payments Bank in part of India or outside India subject to obtaining license from the Reserve Bank of India;

2. To invest and carry out other activities, as permitted by the RBI from time to time, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise;

3. To carry on the business to:

   a) Borrow, raise or take up money;

   b) Buy, sell and dial in bullion and specie;

   c) Acquire, hold and deal in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;

   d) Receive all kinds of bonds, scripts on deposit or for safe custody, provide safe deposit vaults and lockers and collect and transmit money, negotiable instruments and securities;

   e) Issue ATM/debit cards, prepaid payment instruments;

   f) Act as agents for financial products such as mutual fund units, pension products, insurance products, and/or other financial instruments, as permitted by the RBI;

   g) Act as an agent for any government or local authority or any other person or persons, carry on agency business of any description, give receipts and discharges and otherwise act as an attorney on behalf of customers;

   h) Carry on any business specified in section 6(1)(a) to (n) of the Banking Regulation Act, 1949, as amended from time to time ("**BR Act**"), and such other forms of business which the Central Government has pursuant to section 6(1)(o) of the BR Act specified or may from time to time specify by notification in the Official Gazette or as may be permitted by the RBI from time to time as a form of business in which it would be lawful for a Payments Bank to engage.

4. To engage in the business of providing multiple secure/source online and offline payment systems and solutions to merchants, issue of cash cards, pre-paid card, cash carry and delivery, mobile and internet related payment, telephone and IVR related payments, mobile and e-wallet, payment processing, payment collection, online remittance, money transfer services and related services by facilitating payment gateway to customers for merchandise, various utilities services and business applications, as may be permitted, and to carry systems study, analysis, design, development of software systems, hardware and related activities for the implementation of above mentioned activities;

5. To act as service provider for all the activities as Business Correspondent and/or Business Facilitators to Banks as per guidelines prescribed by the RBI from time to time and enabling discharge of Banking Services through its network of employees/agents, to provide services of Business Correspondent including but not limited to opening saving banks account, recurring deposit accounts/remittances/fixed deposit, and to provide services of Business Facilitator (as permitted by the RBI) in the products, including but not limited to loans against National Savings Certificate, Kisan Vikas Patra etc., gold loans, general purpose credit card, Kisan Credit cards, insurance (life and non-life), pension, recovery in NPA accounts (substandard, doubtful and loss and written off accounts), and any other third party financial product; and

6. To engage in the business of providing Money Changing Services and related services by acting as Authorised Dealer – Category II as may be permitted under the relevant act, rules or regulations and subject to such regulatory approvals as may be required.

Amendments to the Memorandum of Association

Set out below are the amendments to the Memorandum of Association of our Bank since incorporation:

Date of shareholders' resolution/effective date	Details of amendment resolution/ Effective date
February 29, 2012	Clause 1 (A) was inserted after Clause 1 in the MoA allowing the Bank to promote, educate and develop awareness in rural areas and amongst under privileged classes about insurance sector.
November 25, 2015	Clause IV, V, VI, IX and X were cancelled and clause VII and VIII were renumbered as Clause IV and V respectively. Change in name clause from Fino Fintech Foundation to Fino Fintech Private Limited.
August 12, 2016	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Bank from ₹ 100,000 to ₹ 300,000,000 divided into 3,0,000,000 Equity Shares of ₹ 10 each.
January 27, 2017	Change in name clause from Fino Fintech Private Limited to Fino Fintech Limited pursuant to conversion of private company to public company.
March 31, 2017	Clause III (A) and (B) of the MoA was amended to insert object allowing the Bank to provide payments banking related services. Change in name clause from Fino Fintech Limited to Fino Payments Bank Limited pursuant to receipt of RBI approval to commence payments bank business.
June 19, 2017	Clause V of the MoA was amended to reflect the increase in the authorised share capital of our Bank from ₹ 300,000,000 divided into 30,000,000 Equity Shares of ₹ 10 each to ₹ 10,00,000,000 divided into 10,00,00,000 Equity Shares of ₹ 10 each
December 8, 2017	Clause III of the MoA was amended to insert the object allowing the Bank to provide money changing and related services by acting as 'Authorised Dealer – Category II Banks.'
September 10, 2018	Clause V of the MoA was amended to reflect the diminution in the authorised share capital of our Bank from ₹ 1,000,000,000 divided into 100,000,000 Equity Shares of ₹ 10 each to ₹ 850,000,000 divided into 85,000,000 Equity Shares of ₹ 10 each

Major events and milestones

The table below sets forth some of the major events and milestones in the history of our Bank.

Fiscal Year	Events and Milestones
2007-2008	Fino Fintech Foundation was incorporated under the Companies Act, 1956
2014-2015	Our Promoter, Fino PayTech Limited received RBI's in-principle approval to establish a Payments Bank
	Our Bank was renamed as 'Fino Fintech Private Limited'
2016-2017	Our Bank was converted into a public limited company and consequently renamed as 'Fino Fintech Limited'
	RBI granted our Bank the license to carry out the business of Payments Bank
	The name of our Bank changed to 'Fino Payments Bank Limited'
2017-2018	Our Bank received license from RBI to operate as Authorised Dealer Category II
	RBI granted approval to issue and operate pre-paid payments instruments
	Our Promoter transferred its pre-paid payment instruments business to us
2020-2021	Our name was included in the second schedule of RBI Act

Awards and Accreditations

For details, see "*Our Business – Awards and Accolades*" on page 148.

Time/cost overrun

Our Bank has not experienced any instances of time / cost overrun in its business operations.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

There have been no defaults or re-scheduling/ re-structuring in relation to borrowings availed by our Bank from any financial institutions or banks.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years

Our Bank has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets in the last 10 years.

Holding company

Fino PayTech Limited is our holding company. For details of Fino PayTech Limited, see "*Our Promoter and Promoter Group*" beginning on page 176.

Subsidiaries and joint ventures of our Bank

Our Bank has no subsidiaries and / or joint ventures.

Significant strategic and financial partners

Our Bank has no strategic or financial partners.

Launch of key products or services, entry into new geographies or exit from existing markets

For details of key products or services launched by our Bank, entry into new geographies or exit from existing markets, see "*Our Business*" beginning on page 125.

Details of shareholders' agreements

As on the date of this Prospectus, there are no subsisting shareholder's agreements among our Shareholders vis-a-vis our Bank, which our Bank is aware of.

Key terms of other material agreements

Business Transfer Agreement dated July 13, 2017 with Fino PayTech Limited ("Promoter")

Our Promoter had entered into an agreement dated May 31, 2013 with Canara Bank for rendering services as business correspondent ("**Business Correspondent Agreement**"). Through this Business Transfer Agreement, the Promoter transferred all its rights and liabilities under the Business Correspondent Agreement and the Bank replaced the Promoter as a business correspondent for Canara Bank.

Guarantees given by our Promoter Selling Shareholder

Our Promoter Selling Shareholder has not given any guarantees to third parties on behalf of our Bank.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Bank, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Bank.

OUR MANAGEMENT

Under our Articles of Association, our Bank is authorised to have a minimum of three and maximum of 15 Directors. As on the date of this Prospectus, our Board comprises eight Directors including one executive Director, two non-executive (nominee) Directors and five Independent Directors. Two of our Independent Directors are women Directors.

Our Board

The following table sets forth details regarding our Board as on the date of this Prospectus.

S. No.	Name, date of birth, designation, address, occupation, period and term of directorship and DIN	Age (years)	Other Directorships
1.	**Rishi Gupta** *Date of birth:* January 26, 1969 *Designation:* Managing Director and CEO *Address:* C-603/4, Lake Lucerne Phase III, Lake Homes, Off. A.S. Marg, Powai, Mumbai 400076, Maharashtra, India *Occupation:* Service *Period of directorship:* From June 27, 2016 *Term:* Three years with effect from May 2, 2020 *DIN:* 01433190	52	*Nil*
2.	**Mahendra Kumar Chouhan** *Date of birth*: December 5, 1955 *Designation*: Part-time Chairman and Independent Director *Address*: A-1, Shitala Krupa, 277 L.J. Road, Mahim (W), Mumbai – 400 016, Maharashtra, India *Occupation*: Professional Services *Period of Directorship*: From May 2, 2017 *Term*: For a period of five years with effect from May 2, 2017 as an Independent Director and for a period of three years with effect from May 18, 2020 as a part time chairman *DIN*: 00187253	65	*1.* NESCO Limited *2.* Mahendra and Ardneham Consulting (P) Limited *3.* IMC Chamber of Commerce and Industry *4.* MIMS Consultants Private Limited
3.	**Suresh Kumar Jain** *Date of birth*: May 5, 1954 *Designation*: Independent Director *Address*: Flat no. D-201/202, Ashok Tower, Doctor SS Rao Marg, Lower Parel, Mumbai – 400012, Maharashtra, India *Occupation*: Retired Banker *Period of Directorship*: From January 16, 2019 *Term*: Five years with effect from January 16, 2019 *DIN*: 05103064	67	1. PC Jeweler Limited 2. IFCI Factors Limited
4.	**Punita Kumar Sinha** *Date of birth*: May 13, 1962	59	*Indian companies* 1. Classic Legends Private Limited

S. No.	Name, date of birth, designation, address, occupation, period and term of directorship and DIN	Age (years)	Other Directorships
	Designation: Independent Director *Address*: 51, Gate House Road, Chestnut Hill, MA – 02467, Massachusetts, USA *Occupation*: Professional Services *Period of Directorship*: From May 2, 2017 *Term*: Five years with effect from May 2, 2017 *DIN*: 05229262		2. JSW Steel Limited 3. Rallis India Limited 4. Mahindra Intertrade Limited 5. Embassy Office Parks Management Services Private Limited 6. Lupin Limited 7. One Mobikwik Systems Limited 8. Paradimarq Advisors Private Limited *Foreign companies* 1. The Asia Opportunities Offshore Funds, Cayman Islands 2. The Asia Opportunities Offshore Master Fund, Cayman Island 3. Lupin Inc., USA
5.	**Deena Asit Mehta** *Date of birth*: February 18, 1961 *Designation*: Independent Director *Address*: 17A, Abhilasha Building, 17th Floor, 46 August Kranti Marg, Mumbai 400036, Maharashtra, India *Occupation*: Business *Period of Directorship*: From March 19, 2020 *Term*: Five years with effect from March 19, 2020 *DIN*: 00168992	60	1. Asit C Mehta Financial Services Limited 2. Reliance Asset Reconstruction Company Limited 3. Asit C Mehta Investment Intermediaries Limited 4. Edytal Fintech Investment Services Private Limited 5. NMIMS Business School Alumni Association 6. Asit C Mehta Commodity Service Limited
6.	**Rajat Kumar Jain** *Date of birth*: September 13, 1963 *Designation*: –Independent Director *Address*: B-6/806, Sahara Grace, Behind Sahara Mall, MG Road, Gurgaon – 122001, Haryana, India *Occupation*: Professional *Period of Directorship*: From November 2, 2020 *Term*: Five years with effect from November 2, 2020 *DIN*: 00046053	58	1. Neva Garments Limited 2. Kaleidoscope Events Private Limited 3. Securenow Techservices Private Limited 4. Intelligent Resource Services Private Limited 5. Padup Ventures Private Limited 6. Tim Delhi Airport Advertising Private Limited 7. Droom Technology Limited
7.	**Avijit Saha** *Date of birth:* December 31, 1968	52	National E-Repository Limited

S. No.	Name, date of birth, designation, address, occupation, period and term of directorship and DIN	Age (years)	Other Directorships
	Designation: Nominee Director^ *Address:* 1103 Wing C, Fantasy Land, CTS No. 1, J V Link Road, Opp Majas Depot, Jogeshwari (East), Mumbai 400 060, Maharashtra, India *Occupation:* Service *Period of Directorship:* From May 18, 2018 *Term:* Not liable to retire by rotation *DIN:* 05102009		
8.	**Ravi Subbaiah Pagadala** *Date of birth:* July 25, 1963 *Designation:* Nominee Director^ *Address:* Flat No 25, BPC Towers, (Altamount Road), 1A Altamount Road, Mumbai 400 026, Maharashtra, India *Occupation:* Service *Period of directorship:* From May 22, 2019 *Term:* Not liable to retire by rotation *DIN:* 08183038	58	*Nil*

^ *Appointed as a nominee director by Fino PayTech Limited*

Brief Profiles of our Directors

Rishi Gupta is the Managing Director and CEO of our Bank. He holds a bachelor's degree in commerce from University of Delhi. He is also a qualified chartered accountant and cost and works accountant and member of ICAI and ICWAI respectively. He is a founding member of our Bank and he was an employee of Financial Information Network and Operations Private Limited (erstwhile name of our Promoter, Fino PayTech Limited). Prior to joining Fino PayTech Limited, he worked with International Finance Corporation, ICICI Bank Limited and Maruti Udyog Limited. He is also the founding member of Business Correspondent Federation of India (BCFI) and has served as the Chairman of its Economic Affairs Committee. He was awarded "CFO 100 Roll of Honour" in 2011, 2012 and 2013. He was also awarded "The India CFO Award for Excellence in Finance in a Start-up" by IMA in 2013, "CA Entrepreneur – Path Breaker – Financial Services" by Committee for Professional Accountants in Business and Industry in 2018 and "100 Top Most Influential BFSI Leaders" in February 2019.

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

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

Punita Kumar Sinha is an independent director in our Bank. She holds a bachelor's degree in chemical engineering from IIT Delhi, MBA (Finance) from Drexel University and Ph.D. from University of Pennsylvania. She is also a qualified CFA. She is the founder and managing partner of Pacific Paradigm Advisors, LLC and is also on the Board of Governors of the CFA Institute. Over the last decade, she has served as an Independent Director and Chair of many Board committees for several companies in India including

Infosys, JSW Steel, Rallis, Jagran and Lupin Limited. She has experience in investment management and financial markets. Previously she has worked as a senior managing director of Blackstone – Asia Advisory Group.

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

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

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

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

Relationship between Directors and Key Managerial Personnel

None of our Directors and Key Managerial Personnel are related to each other.

Terms of Appointment of our Directors

1. **Remuneration paid to executive Director**

The appointment letter dated May 15, 2020 issued by our Bank to Rishi Gupta governs the terms of appointment with our Bank. As per the terms of his appointment, Rishi Gupta will report to the Board of Directors and will be required to abide by the Code of Conduct of the Bank. He is subject to retirement at the age of 60 years which can be extended by a period of five years. He is not entitled to any post retirement/termination benefits except for the benefits of gratuity and provident funds as per the statutory laws on employment benefit.

The remuneration to be paid to Rishi Gupta for the Fiscal 2020 was approved by RBI on December 10, 2019, however, the revised remuneration structure for Fiscal 2021 is yet to be approved by the RBI. Until the receipt of approval from RBI for revised remuneration structure for Fiscal 2021, Rishi Gupta has been paid the remuneration as per the approved remuneration structure of Fiscal 2020 and accordingly, he was paid a remuneration of ₹ 30.49 million in Fiscal 2021. Pursuant to the recommendation of Nomination and Remuneration Committee the Board of Directors at its Meeting held on September 13, 2021 and the Shareholders of the Bank at their Annual General Meeting held on September 25, 2021 had subject to approval of Reserve Bank of India approved the remuneration for Fiscal 2021, are stated below:

Particulars	Remuneration
Fixed pay	₹ 18.7 million (inclusive of perquisite)
Cash bonus	₹ 1 million
ESOP	₹ 17.7 million

2. **Compensation paid to our non-executive Directors**

Pursuant to the Board resolution dated May 2, 2017, our Independent Directors are entitled to receive sitting fees of ₹ 1,00,000 per meeting for attending meetings of our Board, sitting fees of ₹ 75,000 per meeting for attending Board Committee meetings.

The details of remuneration paid to our Directors (excluding nominee Directors, Managing Director and whole- time Director) during Fiscal 2021 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Remuneration (in ₹ million)
1.	Mahendra Kumar Chouhan	2.13	-
2.	Suresh Kumar Jain	1.85	-
3.	Punita Kumar Sinha	0.91	-
4.	Deena Asit Mehta	1.22	-
5.	Rajat Kumar Jain	0.42	-
6.	Ganesh Natarajan*	0.37	-
	Total	6.90	-

* *Ganesh Natarajan has resigned from the Board with effect from June 25, 2020*

Bonus or profit sharing plan for the Directors

There is no bonus or profit sharing plan for our Directors.

Contingent and deferred compensation payable to Directors

Except as disclosed under "*Remuneration paid to executive Director*" on page 162, there is no contingent or deferred compensation payable to our Directors in Fiscal 2020, which does not form part of their remuneration.

Service contracts with Directors

There are no service contracts entered into by our Directors with the Bank which provide for benefits upon termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

Except as disclosed below, there is no arrangement or understanding with major shareholders, customers, supplier or others for appointment of any director or key managerial personnel:

Our Promoter has appointed two nominee directors viz., Avijit Saha and Ravi Subbaiah Pagadala pursuant to the Amended and Restated Shareholders Agreement.

Shareholding of our Directors

Other than as disclosed under "*Capital Structure –Shareholding of our Directors and Key Managerial Personnel*" on page 68, none of our Directors hold any Equity Shares.

Interest of Directors

Our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Bank and our Independent Directors may be deemed to be interested to the extent of sitting fees, if any, payable to them for attending meetings of our Board or committees thereof.

Our Directors may be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as partners, or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer or options granted/ approved to be granted under the ESOP Plan 2020 and Equity Shares allotted pursuant to exercise of such options, and any dividend and other distributions payable in respect of such Equity Shares.

Our Non-Executive Nominee Directors may be deemed to be interested to the extent of the interest in our Bank of the entities nominating them.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Bank.

Interest in land and property

None of our Directors have any interest in any property acquired by our Bank or proposed to be acquired by our Bank.

Interest in promotion or formation of our Bank

Except Rishi Gupta who is a former promoter of our Bank and initial subscriber to the MoA of our Bank, none of our Directors have any interest in the promotion or formation of our Bank.

Business interest

None of our Directors have any business interest in our Bank, except in case of our Non-Executive Nominee Directors, who may be deemed to be interested to the extent of the interest in our Bank of the entities nominating them.

Directorships of our Directors in listed companies

None of our Directors are, or for the five years prior to the date of this Prospectus, have been on the board of directors of any listed company whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure.

None of our Directors has been or is a director on the board of directors of any listed company which has been / was delisted from any stock exchange(s), during his/her tenure**.**

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Prospectus are set forth below.

Name of Director	Designation	Date of Change	Reasons
Narendra Kumar Ambwani	Independent Director	November 15, 2018	Resignation
Pramod Sharma	Nominee Director	December 31, 2018	Resignation
Suresh Kumar Jain	Additional Director – Independent	January 16, 2019	Appointment
Ravi Subbaiah Pagadala	Nominee Director	May 22, 2019	Appointment
Suresh Kumar Jain	Independent Director	September 30, 2019	Change in Designation
N. Venkiteswaran	Independent Director	March 13, 2020	Resignation
Deena Asit Mehta	Additional Director – Independent	March 19, 2020	Appointment
Ganesh Natarajan	Independent Director	June 25, 2020	Resignation
Deena Asit Mehta	Independent Director	September 30, 2020	Change in Designation
Rajat Kumar Jain	Additional Director – Independent	November 2, 2020	Appointment
Amit Jain	Nominee Director	May 25, 2021	Resignation
Rajat Kumar Jain	Independent Director	September 25, 2021	Change in Designation

Borrowing Powers

Pursuant to our AoA and applicable provisions of the Companies Act, 2013 and pursuant to the special resolution passed by our Shareholders on June 19, 2017, our Board is entitled to borrow together with the monies already borrowed by our Bank (excluding temporary loans obtained from our Bank's banker in the ordinary course of business) up to such amount that may exceed the aggregate of the paid- up share capital of our Bank and its free reserves, and determine, fix, arrange or agree to the terms and conditions of all such monies borrowed/to be borrowed , provided that the total amount so borrowed and the outstanding amount at any time shall not exceed ₹ 5,000.00 million.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof and formulation and adoption of policies.

The composition of our Board is also in compliance with the Banking Regulation Act, Payments Bank Licensing Guidelines and conditions stipulated under the RBI License and RBI In-Principle Approval. The composition of our Board, including the current members of Board such as Mr. Mahendra Kumar Chouhan, Mr. Rishi Gupta, and Dr. Punita Kumar Sinha, was approved by RBI through letter no. DBR.Appt.No.12596/29.92.005/2016-17 dated April 24, 2017. Further, the RBI has, by way of its letters and e-mail listed below, pertaining to the constitution of our Board:

a) Approved re-appointment of Mr. Rishi Gupta as the Managing Director and chief executive officer of our Bank for a period of three years from May 2,2020, *vide* its e-mail dated April 27, 2020.

b) Approved re-appointment of Mr. Mahendra Kumar Chouhan as the part time chairman of our Bank for a period of three years from May 18, 2020, *vide* its e-mail dated May 18, 2020.

Further, our Bank has intimated RBI in relation to the appointment of (a) Suresh Jain *vide* its letter dated January 17, 2019; (b) Deena Mehta *vide* its email dated April 25, 2020; (c) Rajat Jain *vide* its letter dated November 24, 2020; and (d) Ravi Subbaiah Pagadala *vide* its letter dated May 28, 2019.

Board Committees

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated May 2, 2017 and was last reconstituted pursuant to the meeting of our Board held on May 15, 2020. The terms of reference of the audit committee were amended on May 15, 2021. Our Audit Committee is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the Listing Regulations. Our Audit Committee currently consists of:

A) Deena Asit Mehta (Chairperson)

B) Mahendra Kumar Chouhan

C) Suresh Kumar Jain

D) Punita Kumar Sinha

E) Avijit Saha

Scope and terms of reference: The terms of reference of our Audit Committee shall include the following:

1. Overseeing the Bank's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;

2. Recommending to the board of directors of the Bank (the "**Board**") the appointment, re-appointment, , remuneration, terms of reference and, if required, the replacement or removal of the statutory/concurrent auditor and the fixation of audit fees or any other services rendered by the Statutory Auditors;

3. Reviewing and monitoring the statutory, concurrent and internal auditor's independence and performance, and effectiveness of audit process;

4. Reviewing compliance with the inspection and audit reports of RBI, reviewing findings of internal investigations;

5. Reviewing compliance functions in the Bank;

6. For KYC/AML Guidelines – (i) Reviewing implementation; (ii) Reviewing compliance of concurrent audit reports with respect to adherence to KYC/AML Guidelines at branches;

7. Reviewing housekeeping – particularly balancing and reconciling long outstanding entries Suspense/Sundires/Funds in Transit/SGL accounts;

8. Examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

   (b) Changes, if any, in accounting policies and practices and reasons for the same;

   (c) Major accounting entries involving estimates based on the exercise of judgment by management;

   (d) Significant adjustments made in the financial statements arising out of audit findings;

   (e) Compliance with listing and other legal requirements relating to financial statements;

   (f) Disclosure of any related party transactions; and

   (g) Modified opinion(s) in the draft audit report.

9. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

10. Reviewing audit plan and status of achievement thereof;

11. Reviewing significant audit findings of the following audits along with compliance thereof – (i) LFAR; (ii) Concurrent Audit; (iii) Internal Inspection; (iv) I.S. Audit of Data Centre; (v) Treasury and Derivatives; (vi) Management Audit at Controlling Offices/ Head Offices etc.

12. Compliance report on directives issued by ACB/Board/RBI;

13. Reviewing information on violations by various functionaries in the exercise of discretionary powers;

14. Detailed report on fraudulent transactions relating to Internet Banking through phishing attacks pointing out in particular the deficiencies in the existing systems and steps taken by the IT department to prevent such cases;

15. Change in accounting policy and practices which may have significant bearing on financial statements. A confirmation that accounting policies are in compliance with accounting standards and RBI guidelines;

16. Reviewing IS Audit Policy;

17. Reviewing accounting policies / systems of the Bank with a view to ensure greater transparency in the Bank's accounts and adequacy of accounting standards;

18. Reviewing Bank's financial management policies;

19. Penalties imposed/penal action taken against Bank under various laws and statutes and action taken for corrective measures;

20. Reviewing report on revenue leakage detected by internal/external auditors and status of recovery thereof - reasons for undercharges and steps taken to prevent revenue leakage;

21. Approving any subsequent modification of transactions of the Bank with related parties and granting omnibus approval for related party transactions proposed to be entered into by the Bank, subject to the conditions as may be prescribed;

    Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable accounting standards and/or the Companies Act, 2013.

22. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or a failure of internal control systems of a material nature;

23. Monitoring the end uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Bank;

24. Scrutinizing of inter-corporate loans and investments;

25. Evaluating undertakings or assets of the Bank, wherever it is necessary;

26. Evaluating of internal financial controls and risk management systems;

27. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances and reviewing the functioning of the whistle blower mechanism;

28. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;

29. Reviewing with management the adequacy of internal control systems including the structure of the internal audit department;

30. Reviewing the adequacy of internal audit function if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

31. Discussing with internal auditors on any significant findings and follow up thereon;

32. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

33. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

34. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

35. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

36. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act (including Section 177), the Listing Regulations or by any other regulatory authority;

37. Reviewing adequacy of insurance policies taken by Management to cover risks/transfer risk exposures;

38. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was constituted by a resolution of our Board dated May 2, 2017 and was last reconstituted pursuant to the meeting of our Board held on May 22, 2019. The terms of reference of the Nomination and Remuneration Committee were amended on May 15, 2021. Our Nomination and Remuneration Committee is in compliance with

Section 178 of the Companies Act 2013 and Regulation 19 of the Listing Regulations. Our Nomination and Remuneration Committee currently consists of:

A) Suresh Kumar Jain (Chairman)

B) Mahendra Kumar Chouhan

C) Punita Kumar Sinha

D) Ravi Subbaiah Pagadala

Scope and terms of reference: The terms of reference of our Nomination and Remuneration Committee shall include the following:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director;

2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;

3. Devising a policy on Board diversity;

4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down,

5. Recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee and reviewing its implementation and compliance;

6. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

7. Analysing, monitoring and reviewing various human resource and compensation matters;

8. Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel, material risk takers and other employees;

9. Monitoring and reviewing various HR related matters such as plans, policies reports etc. from time to time;

10. Ensuring that the policy on remuneration to directors, whole time directors/executive directors, key managerial personnel, material risk takers and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals and is in compliance to RBI norms;

11. Periodically reviewing and suggesting revision to the total remuneration package of the whole time directors keeping in view performance of the Bank, standards prevailing in the industry, norms specified by RBI, statutory guidelines etc.;

12. Working in close coordination with the Risk Management Committee of the Bank, to achieve effective alignment between the compensation and risks. The Nomination and Remuneration Committee should also ensure that the cost/income ratio of the Bank supports the compensation package consistent with maintenance of sound capital adequacy ratio;

13. Reviewing and approving the content of the director's remuneration report in the annual report and accounts fpr approval by Board as a whole;

14. Keeping abreast of external remuneration trends and market conditions;

15. Ensuring that a Fit and Proper disclosure, Deed of Covenant and a declaration and undertaking in Bank's favour, as may be specified by RBI is obtained from every director;

16. Scrutinising Deed of Covenant and declaration and undertaking submitted by each of its directors and on a continuing basis platform due diligence in respect of each if its directors and shall report to the RBI if any of its directors fails to fulfill the 'fit and proper' criteria as specified by RBI from time to time;

17. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, including the following:

    a) administering the Fino Payments Bank Limited – Employees Stock Option Policy, 2020 (the "**ESOP Plan**");

    b) determining the eligibility of employees to participate under the ESOP Plan;

    c) determining the number of options to be granted to an employee;

    d) determining the exercise under the ESOP Plan; and

e) constructing and interpreting the ESOP Plan and any agreements defining the rights and obligations of the Bank and eligible employees under the ESOP Plan, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Plan.

18. The Nomination and Remuneration Committee, while formulating the remuneration policy, should ensure that:

a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.

19. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

(i) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

(ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

20. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act (including Section 178), the Listing Regulations or by any other regulatory authority.

Stakeholders' Relationship Committee

Our Stakeholders' Relationship Committee was constituted by a resolution of our Board dated May 2, 2017 and was last reconstituted pursuant to the meeting of our Board held on November 11, 2020. The terms of reference of the Stakeholders' Relationship Committee were amended on May 15, 2021. Our Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the Listing Regulations. Our Stakeholders' Relationship Committee currently consists of:

A) Suresh Kumar Jain (Chairman)

B) Rishi Gupta

C) Rajat Kumar Jain

Scope and terms of reference: The terms of reference of our Stakeholders' Relationship Committee shall include the following:

1. Assisting the Board and the Bank in redressing shareholders, debenture holders, security holders and investor complaints, if any, but not limited to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;

2. Reviewing of measures taken for effective exercise of voting rights by shareholders;

3. Reviewing of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar and Share Transfer Agent;

4. Reviewing various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends, as and when declared, and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank;

5. Formulating procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

6. Approving, registering, refusing to register transfer or transmission of shares and other securities;

7. Sub-dividing, consolidating and or replacing any share or other securities certificate(s) of the Bank;

8. Allotment and listing of shares;

9. Authorising affixation of common seal of the Bank;

10. Issuing duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of the Bank;

11. Approving the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;

12. Dematerialising or rematerialising the issued shares;

13. Ensuring proper and timely attendance and redressal of investor queries and grievances;

14. Carrying out any other functions contained in the Companies Act, 2013 (including Section 178) and/or equity listing agreements (if applicable), as and when amended from time to time; and

15. Further delegating all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was constituted by a resolution of our Board dated May 2, 2017 and was last reconstituted pursuant to the meeting of our Board held on February 11, 2019. The terms of reference of the Corporate Social Responsibility Committee were amended on May 15, 2021. Our Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act 2013. Our Corporate Social Responsibility Committee currently consists of:

A. Mahendra Kumar Chouhan (Chairman)

B. Punita Kumar Sinha

C. Avijit Saha

Our Corporate Social Responsibility Committee is authorised to perform the following functions:

(i) Formulating and recommending to the board of directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013, as amended;

(ii) Annually reviewing the CSR Policy and associated frameworks, processes and practices of the Bank and making appropriate recommendations to the Board;

(iii) Ensuring that the Bank is taking the appropriate measures to undertake and implement CSR projects successfully and monitoring the CSR Policy from time to time;

(iv) Identifying the areas of CSR activities and recommending the amount of expenditure to be incurred on such activities;

(v) Coordinating with such other agency for implementing programs and executing initiatives as per the CSR Policy and reviewing the performance of such other agency periodically;

(vi) Forming and delegating authority to subcommittees when appropriate;

(vii) Regularly report to the Board;

(viii) Reviewing and reassessing the adequacy of this Charter annually and recommending any proposed changes to the Board for approval;

(ix) Performing such other functions or responsibilities and exercising such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013, as amended and the rules framed thereunder; and

(x) Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

Risk and Asset Liability Management Committee

Our Risk and Asset Liability Management Committee was constituted by a resolution of our Board dated May 2, 2017 and was last reconstituted pursuant to the meeting of our Board held on November 11, 2020. The terms of reference of the Risk and Asset Liability Management Committee were amended on May 15, 2021. Our Risk and ALM Committee is in compliance with the applicable laws. Our Risk and ALM Committee currently consists of:

A) Suresh Kumar Jain (Chairman)

B) Mahendra Kumar Chouhan

C) Rishi Gupta

D) Deena Asit Mehta

E) Rajat Kumar Jain

Our Risk and Asset Liability Management Committee is authorised to perform the following functions:

(i) Assisting the Board in its oversight of the Bank's management of key risks, including strategic, financial operational and compliance risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

(ii) Evolving appropriate systems and procedures for ongoing identification and analysis of Balance Sheet risks and laying down parameters for efficient management of these risks through Asset Liability Management Policy of the Bank;

(iii) Identifying, monitoring and measuring the risk profile of the Bank (including market risk, operational risk and other residual risks.)

(iv) Overseeing the policies connected with risk management within the Bank for approval by the Board.

(v) Reviewing adherence to various risk parameters and prudential limits for treasury operations and its risk monitoring system.

(vi) Reviewing processes being introduced/implemented by the Bank.

(vii) Formulating and implementing optimal ALM strategies at an enterprise level and meeting risk/reward objectives.

(viii) Monitoring risk exposures, funding & development at periodic intervals and revising ALM strategies where required.

(ix) Formulating a detailed risk management policy which shall include:

   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any of the risk as may be determined by the Committee.

   b. Measures for risk mitigation including systems and processes for internal control of identified risks.

   c. Business continuity plan.

(x) Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank.

(xi) Monitoring and overseeing implementation of policies connected with risk management, including evaluating the adequacy of risk management systems.

(xii) Periodically reviewing the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

(xiii) Keeping the Board informed about the nature and content of its discussions, recommendations and actions to be taken.

(xiv) Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.

(xv) Coordinating its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board.

(xvi) Seeking information from any employee, obtaining outside legal or other professional advice and securing attendance of outsiders with relevant exposure, if it considers necessary.

IPO Committee

Our IPO Committee was constituted by a resolution of Board dated February 11, 2021. Our IPO Committee is in compliance with the applicable laws. Our IPO Committee currently consists of:

A) Deena Asit Mehta (Chairperson);

B) Mahendra Kumar Chouhan; and

C) Rishi Gupta.

Our IPO Committee is authorised to perform the following functions:

(i) Making applications to the Government of India, Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI"), or to any other statutory or governmental authorities in connection with the Offer as may be required and accepting on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

(ii) Deciding, in consultation with various advisors, various terms and conditions of the Offer, including size, timing, listing jurisdictions and Equity Shares to be offered in the Offer, and making any amendments, modifications, variations or alterations thereto;

(iii) Considering and inviting existing shareholders of the Bank to offer their Equity Shares for sale through the Offer and taking all steps in connection with such offer for sale;

(iv) Deciding in consultation with the book running and lead managers ("BRLMs") on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer price, Offer size, and accepting any amendments, modifications, variations or alterations thereto;

(v) Appointing and entering into arrangements with various advisors or intermediaries to the Offer and negotiating and finalising the terms of their appointment;

(vi) Making applications to, seek clarifications and obtaining approvals from, if necessary, from various statutory or governmental authorities in connection with the Offer and accepting on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required and wherever necessary;

(vii) Undertaking all such deeds and acts as may be required to dematerialise the Equity Shares of the Bank and signing and/or modifying, as the case may be, agreements and/or such other documents as may be required in connection thereof;

(viii) Authorising and approving the incurring of expenditure and payment of fees and expenses in connection with the Offer.

(ix) Finalising, settling, approving, adopting and filing in consultation with the BRLM(s) where applicable, the DRHP, the RHP, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and taking all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC, RBI or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

(x) Appointing and entering into and terminating arrangements with the BRLM(s), underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and negotiating, finalising and amending the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLM(s) and negotiation, finalisation, execution and, if required, amendment of the offer agreement with the BRLM(s);

(xi) Negotiating, finalising and settling and executing and delivering or arranging the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreements with the registrar to the offer and all other documents, deeds, agreements and instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLM(s) and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Bank to execute all or any of the aforesaid documents or any amendments thereto as may be required or desirable in relation to the Offer;

(xii) Seeking, if required, the consent and/or waiver of the lenders of the Bank, customers, investors, parties with whom the C Bank has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents and/or waivers that may be required in relation to the Offer or any actions connected therewith;

(xiii) Opening and operating bank accounts in terms of the escrow agreement and authorising one or more officers of the Bank to execute all documents/deeds as may be necessary in this regard;

(xiv) Opening and operating bank accounts of the Bank in terms of Section 40(3) of the Companies Act, 2013, as amended, and authorising one or more officers of the Bank to execute all documents/deeds as may be necessary in this regard;

(xv) Accepting and appropriating the proceeds of the Offer in accordance with the Applicable Laws;

(xvi) Approving code of conduct as may be considered necessary by the IPO Committee or as required under applicable laws, regulations or guidelines for the Board, officers of the Bank and other employees of the Bank;

(xvii) Approving the implementation of any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and listing agreements to be entered into by the Bank with the relevant stock exchanges, to the extent allowed under law;

(xviii) Issuing receipts / allotment letters / confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Bank with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Bank to sign all or any of the aforestated documents;

(xix) Authorising and approving notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

(xx) Undertaking all such acts, deeds, matters and things and executing all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, finalising the basis of allocation and alloting the shares to the successful allottees as permissible in law, issuing allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules, in consultation with the BRLM(s);

(xxi) Making applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and executing and delivering or arranging the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Bank where necessary;

(xxii) Settling all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment, terms of the IPO, utilisation of the IPO proceeds and matters incidental thereto as it may deem fit;

(xxiii) Submitting undertaking/certificates or providing clarifications to the SEBI, Registrar of Companies, Mumbai, RBI and the relevant stock exchange(s) where the Equity Shares are to be listed;

(xxiv) Negotiating, finalising, settling, executing and delivering any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

(xxv) Delegating any of its powers set out in this resolution, as may be deemed necessary and permissible under Applicable Laws to the officials of the Bank;

(xxvi) Approving suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the SEBI Listing Regulations or any other Applicable Laws/Regulations/Guidelines;

(xxvii) Approving the list of 'group of companies' of the Bank, identified pursuant to the materiality policy adopted by the Board, for the purposes of disclosure in the DRHP, RHP and Prospectus;

(xxviii) Deciding, negotiating and finalising the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLM(s) and in accordance with applicable laws;

(xxix) Taking on record the approval of the Selling Shareholders for offering their Equity Shares in the Offer for Sale;

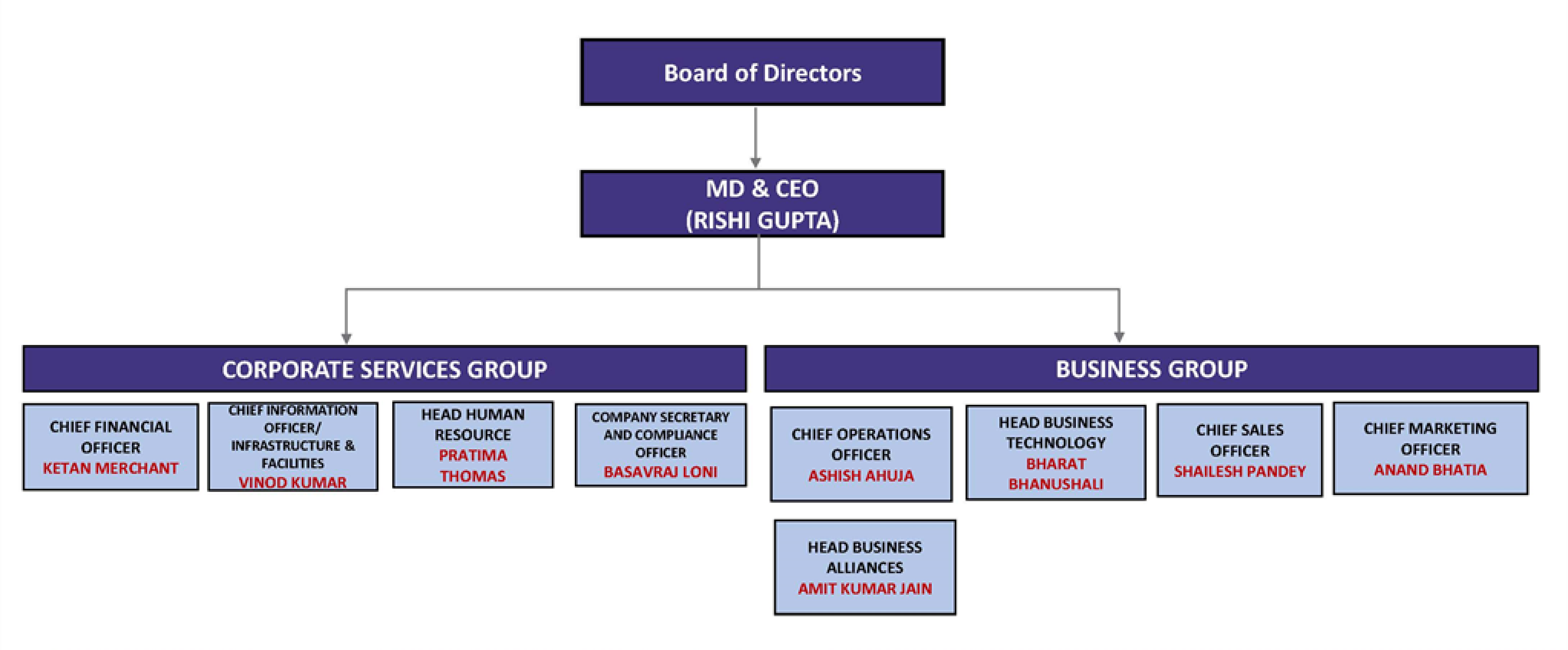
(xxx) Withdrawing the DRHP or the RHP or deciding not to proceed with the Offer at any stage in accordance with Applicable Laws and in consultation with the BRLM(s);

(xxxi) Appointing, in consultation with the BRLM(s), the registrar and other intermediaries to the Offer, in accordance with the provisions of the SEBI Regulations and other Applicable Laws including legal counsels, banks or agencies concerned and entering into any agreements or other instruments for such purpose, remunerating all such intermediaries/agencies including the payments of commissions, brokerages, etc. and terminating any agreements or arrangements with such intermediaries/ agents.

Other Committees of our Bank

In addition to the committees mentioned above, our Bank has constituted various other committees at our Board level, such as, IT Strategy Committee, Customer Service Committee and Committee of Directors (Operations).

Management Organisation Chart



Key Managerial Personnel

The details of the Key Managerial Personnel of our Bank are as follows:

Rishi Gupta is the Managing Director and CEO of our Bank. For details regarding Rishi Gupta, see "*Brief Biographies of our Directors"* beginning on page 161. For details of compensation paid to him during Financial Year 2021, see "*Remuneration paid to Executive Director*" beginning on page 162.

Ashish Ahuja is the Chief Operations Officer of our Bank, he joined our Bank with effect from April 1, 2017 and was made the Chief Operating Officer on June 1, 2020. He has a bachelor's degree in Commerce from University of Delhi. Prior to joining our Bank, he served as a Major in the Indian Army for 11 years and then also worked with ICICI Bank as Deputy General Manager. During Fiscal 2021, he received a remuneration of ₹ 13.03 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 2.27 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Ketan Dhirendra Merchant is the Chief Financial Officer of our Bank, he joined our Bank with effect from August 30,2018 and was made the Chief Financial Officer on February 11, 2019. He has a bachelor's degree in Commerce from University of Mumbai, and he is a qualified chartered accountant from the ICAI. He has previously worked at Barclays Shared Services Limited, Digicel Central Resources (Fiji) Limited, M Holdings Limited, HSBC and Standard Chartered Bank. During Fiscal 2021, he received a remuneration of ₹ 10.57 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 1.91 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Shailesh Pandey is the Chief Sales Officer of our Bank, he joined our Bank on April 1, 2017 and was appointed as the Chief Sales Officer with effect from June 1, 2020.He holds a bachelor's degree in engineering from Shivaji University and a Post Graduate Diploma in Business Management from Sydenham Institute of Management Studies and Research and Entrepreneurship Education. He has previously worked at BPL Mobile Communications Limited, ICICI Prudential Life Insurance Company Limited, Aviva Life Insurance Company India Limited, and Financial Inclusion and Operations Limited (former name of our Promoter). During Fiscal 2021, he received a remuneration of ₹ 8.29 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 1.32 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Vinod Kumar K B is the Chief Information Officer/ Infrastructure and Facilities of our Bank. He joined our Bank with effect from July 18, 2017 and was appointed as Chief Investment Officer- Infrastructure and Facilities on April 1, 2020. He holds a bachelor's degree in engineering from Rajasthan University, Jaipur and a master's degree in business administration from Manav Bharthi University. He has previously worked at Teletech Services India Limited, ICICI Bank Limited, Rakbank, and K-infosystems - FZE. During Fiscal 2021, he received a remuneration of ₹ 7.66 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 1.01 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Bharat Bhanushali is the Head – Business Technology of our Bank, he joined our Bank with effect from April 1, 2017 and was appointed as Head – Business Technology on April 1, 2021. He a degree in commerce from University of Mumbai and a Professional Diploma in Software Technology & Systems Management from NIIT Mumbai. He has previously worked with Genesys International Corporation Limited, Goldfiled Services Private Limited, Global Software Resources, Inc., and Fino PayTech Limited. During Fiscal 2021, he received a remuneration of ₹ 6.28 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 0.94 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Amit Kumar Jain is the Head – Business Alliance of our Bank, he joined our Bank with effect from April 1, 2017 and was appointed as Head of Business Alliance with effect from June 1, 2020. He has a master's degree in international business from Devi Ahilya University, Indore. He has previously worked with Geosansar Advisors Private Limited, ICICI Bank Limited and Mudra Communications Limited. During Fiscal year 2021, he received a remuneration of ₹ 7.30 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 1.47 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Anand Bhatia is the Chief Marketing Officer of our Bank and he joined our Bank with effect from February 5, 2018 and was appointed as Chief Marketing Officer from June 1, 2020. He has a bachelor's degree in engineering from Sardar Patel College of Engineering, University of Mumbai and Post-Graduate Diploma Management from Indian Institute of Management Society, Lucknow. He has previously worked at Subhiksha Trading Services Limited, Career Launcher India Limited and Ormax Money Private Limited. During Fiscal year 2021, he received a remuneration of ₹ 5.80 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 0.76 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Pratima Pinto Thomas is the Head- Human Resource of our Bank and she joined our Bank with effect from May 27, 2019. She has a bachelor's degree in Commerce, Masters in Human Resource Development Management from University of Mumbai and Post Graduate Certificate in Business Administration (Customised Programme for Defense Officers) from Narsee Monjee Institute of Management Studies. She has served in the Indian Army for 10 years and prior to joining our Bank she has also worked with Vijay Sales, The Mobile Store Limited and BDO India LLP. During Fiscal 2021, she received a remuneration of ₹ 3.88 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 0.67 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Basavraj Loni is Company Secretary and Compliance Officer of our Bank, he has been associated with Fino since November 1, 2017 and was transferred to our Bank as Head – Legal and Secretarial with effect from May 6, 2020 and was appointed as Company Secretary & AVP- Legal of our Bank with effect from May 15, 2020. He holds a bachelor's degree in law (special) and is an associate member from ICSI. He has experience in the domain of secretarial, legal, corporate governance and compliance. He has previously worked at Priya Limited, Raj Oils Mills Limited, GOL Offshore Limited, and Mahindra & Mahindra Financial Services Limited. During Fiscal 2021, he received a remuneration of ₹ 2.51 million. This remuneration includes bonus accrued and paid for Fiscal 2020 and bonus amounting to ₹ 0.27 million accrued for Fiscal 2021 but paid in Fiscal 2022.

Status of Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Bank.

Relationship among Key Managerial Personnel

None of our Key Managerial Personnel are related to each another.

Bonus or profit sharing plan for the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel, however, our Key Managerial Personnel are entitled to annually receive performance linked bonus.

Shareholding of Key Managerial Personnel

Other than as provided under "*Capital Structure – Shareholding of our Directors and Key Managerial Personnel*", none of our Key Managerial Personnel hold Equity Shares.

Service Contracts with Key Managerial Personnel

Our Key Managerial Personnel are governed by the terms of their appointment letters and have not entered into any other service contracts with our Bank. No officer of our Bank is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

Interest of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled as per the terms of their appointment, options granted to them under the schemes formulated under the ESOP 2020 and Equity Shares allotted pursuant to exercise of such options, and any dividend and other distributions payable in respect of such Equity Shares.

Arrangements and understanding with major shareholders, customers, suppliers, or others

None of our Key Managerial Personnel have been selected pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or any other person.

Changes in Key Managerial Personnel during the last three years

The changes in our Key Managerial Personnel during the three years immediately preceding the date of this Prospectus are set forth below.

Name	Designation	Date	Reason
Ketan Dhirendra Merchant	CFO	February 11, 2019	Appointment
S. Rajaraman	Company Secretary	April 20, 2020	Resignation
Basavraj Loni	Company Secretary	May 15, 2020	Appointment

Contingent and deferred compensation payable to Key Managerial Personnel

Except as disclosed under "*Remuneration paid to executive Director*" on page 162, there is no contingent or deferred compensation payable to our Key Managerial Personnel in Fiscal 2021, which does not form a part of their remuneration.

Payment or Benefit to Key Managerial Personnel of our Bank

No amount or benefit has been paid or given to any officer of our Bank within the two years preceding the date of filing of this Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

Employee stock option and stock purchase schemes

For details of the ESOPs granted to our Key Managerial Personnel , see *"Capital Structure -Employee Stock Option Plans "* on page 69.

OUR PROMOTER AND PROMOTER GROUP

Fino PayTech Limited is the sole Promoter of our Bank. As on the date of this Prospectus, our Promoter, along with its nominees, holds an aggregate of 78,014,996 Equity Shares, comprising 100% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. For details on shareholding of our Promoter in our Bank, see "*Capital Structure – History of the Equity Share capital by our Promoter*" beginning on page 63.

The details of our Promoter are as provided below:

Corporate information

Our Promoter is a public limited company incorporated under the provisions of the Companies Act, 1956 on June 15, 2006. Our Promoter was originally incorporated as 'Financial Information Network and Operations Private Limited', a private limited company, pursuant to a certificate of incorporation dated June 15, 2006 issued by the Registrar of Companies, Maharashtra at Mumbai. Subsequently, on conversion of our Promoter into a public limited company, our name was changed to 'Financial Information Network and Operations Limited' and a fresh certificate of incorporation dated February 2, 2007 was issued to our Promoter by the Registrar of Companies, Maharashtra at Mumbai. Further, the name of the company was changed to Financial Inclusion Network & Operations Limited on September 01, 2010. Thereafter, the name of our Promoter was changed to Fino PayTech Limited and a fresh certificate of incorporation dated August 7, 2012 was issued to our Promoter by the Registrar of Companies. The corporate identification number of our Promoter is U72900MH2006PLC162656.

Our Promoter's registered office is located at Mindspace Juinagar, 9th Floor, Plot No Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane 400706, Maharashtra, India.

Our Promoter is primarily engaged in providing technology-based solutions and services related to financial inclusion. Its business and banking technology platform combined with extensive service delivery channels. The Promoter services institutions such as banks, micro finance institutions, government entities and insurance companies.

Change in activity

As per the terms and conditions of the RBI license for carrying on payments bank business received by the Bank on March 30, 2017, the Promoter was required to transfer its PPI business to the Bank. Pursuant to receipt of this license the PPI business was transferred, and RBI gave the Bank its approval to issue and operate PPIs through its letter dated June 20, 2017.

Apart from the above, there has been no change in nature of business of our Promoter since incorporation.

Our Bank confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where our Promoter is registered were submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

Main objects

The main objects of our Promoter are:

i. To conceive, design, develop, implement, own, set up, run, administer and manage network operations information technology operations, technology data, management information, analysis, development and accounting information, configuration and asset management, backup and recovery network operations, information infrastructure in the rural and urban areas, user training, data bases management, disaster recovery, planning and execution;

ii. To carry on the business of developing, improving, designing, marketing, selling and licensing software, intelligent hardware and program products of any and all description and to render technical assistance and services including maintenance in connection with the use, purchase, sale, import, export, lease, distribute, license, design, manufacture of any apparatus, appliance, system, component, electronic and electromechanical products and systems and program products;

iii. To carry on business of customer identification, customer acquisition, customer data collection, customer management, customer servicing and to disseminate, supply, furnish provide, sell, give, send, part with, dispose of, public information, knowledge, data, details and the like relating to the customers, using the systems, apparatus and components, for any person or persons (whether individuals, firms, companies, bodies corporate, Government, State, Sovereign, public body or authority, supreme, local or otherwise or other entities) including providing consultancy services related to the preparation and maintenance of accounting, statistical, scientific, mathematical and other information and reports, data processing, programming, collecting, storing, processing, transmitting information and data of every kind and description, systems analysis, and machine services for solving or aiding commercial, industrial, scientific and research problems as also on all matters and problems relating to their administration, organisation, finance, management, personnel, commencement or expansion of industry and business (including production, purchases, sales, marketing, advertisement, publicity, personnel, export and import) and for all other related business;

iv. To carry on the business as Broker and/or Corporate Insurance Agent of Insurance companies in all branches of insurance, implement and run systems in the field of insurance policy administration, insurance claims management, insurance agency management, user management, insurance administration, insurance accounting and all other related business; and

v. To engage in the business of cash management services including cash carry and delivery, cash management, payment processing to include cash collection at branches/ merchant points (appointed agents) or at client locations, and related services to customers/merchants for merchandise, various utilities services and business applications, as may be permitted and subject to such regulatory approvals as may be required, and to carry systems study, analysis, design, development of software systems, hardware and related activities for the implementation of above mentioned activities.

Board of directors

The board of directors of our Promoter comprises the following:

Name	Designation
Sudeep Gupta	Whole-Time Director
Ramakrishna Gupta Vetsa	Nominee Director
Alok Gupta	Nominee Director
Ashok Kasaragod Kini	Independent Director
Anjana Grewal	Independent Director

Shareholding Pattern

The authorized share capital of the Promoter is ₹1,700,000,000 divided into 120,000,000 equity shares of ₹10 each aggregating to ₹1,200,000,000/- and 50,000,000 fully compulsorily convertible preference shares of ₹10 each aggregating to ₹500,000,000. The issued and paid-up share capital of the Promoter is ₹1,277,101,710 divided into 103,878,956 equity shares of ₹10 each aggregating to ₹1,038,789,560 and 2,38,31,215 fully compulsorily convertible preference shares of ₹10 each aggregating to ₹23,83,12,150.

As on the date of this Prospectus, the shareholding of our Promoter is as follows:

Name of the Investors	No of Equity Shares	No of Preference Shares	Total	% of shareholding
International Finance Corporation	6,569,567	31,04,350	9,673,917	7.57
HAV3 Holdings (Mauritius) Limited	7,456,993	67,97,990	14,254,983	11.16
Intel Capital Corporation	4,433,449	2,660,564	7,094,013	5.55
Blackstone GPV Capital Partners (Mauritius) VI-B FDI Limited	7,512,207	11,268,311	18,780,518	14.71
L.I.C. of India	2,250,000	-	2,250,000	1.76
Indian Bank	2,250,000	-	2,250,000	1.76
Union Bank of India	4,500,000	-	4,500,000	3.52
ICICI Bank	5,750,000	-	5,750,000	4.63
ICICI Lombard General Insurance Company Limited	5,919,118	-	5,919,118	4.14
ICICI Prudential Life Insurance Company Ltd.	11,328,854	-	11,328,854	8.87
Individuals/Public (including Suspense A/c)	14,032,651	-	14,032,651	10.99
Bharat Petroleum Corporation Limited	29,717,759	-	29,717,759	22.92
Exide Life Insurance Company Limited	2,832,213	-	2,832,213	2.22
ESOP Trust	232,951	-	232,951	0.18
Gross total:	**10,378,956**	**23,831,215**	**127,710,171**	**100.00**

Some of the shareholders of our Promoter have entered into an Amended and Restated Shareholders Agreement with the Promoter, to regulate their relationship with respect to their investment in subsidiaries of our Promoter, our Bank being one of the subsidiaries of our Promoter. These include, among others, right to nominate directors, certain information rights subject to compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015, consent requirement from shareholders for voting on certain corporate actions in our Bank requiring shareholder approval and the manner in which any decisions are required to be made by Promoter in respect of our Bank. These rights have been incorporated into the articles of association of our Promoter. However, Article 152 of the Articles of Association of our Bank provides that "the Company shall not be bound by any right conferred on the members of its group companies through their respective Articles of Association". In addition, our Bank is not a party to the Amended and Restated Shareholders' Agreement.

Rights Issue

No.	Date of Issue/Allotment	Nature of Issue	Stated Objects of the Issue	Status of Compliance with Stated Objects
1.	August 27, 2021/ September 27, 2021	Nature of Issue: Rights Issue Securities Offered: Equity Shares Total Issue Size: ₹747,550,440/- No. of Equity shares issued: 29,66,470 Issue Price: INR 252	The Promoter, being the holding company of Fino Finance Private Limited – a Non Banking Financial Company ("NBFC"), facilitates infusion of capital as per NBFC's capital requirements.	Complied

Change in control of our Promoter

There has been no change in control of our Promoter in the three immediately preceding years.

Change in control of our Bank

Our Promoter is not the original Promoter of our Bank, other than as disclosed below, there has been no change in control of our Bank in the last five years:

On January 10, 2017, Fino Trusteeship Services Limited transferred 9,994 Equity Shares of our Bank for cash consideration, at ₹10 for each Equity Share to our Promoter, in accordance with applicable law, thereby transferring control of our Bank, see "*Capital Structure – Build-up of our Promoter's shareholding in our Bank* " on page 63.

Interests of Promoter and Related Party Transactions

Our Promoter is interested in our Bank to the extent (i) that it has promoted our Bank; (ii) of its right to nominate Directors on the Board; (iii) of its shareholding and dividend payable thereon; and (iv) other distribution in respect of the Equity Shares held by it. For details on shareholding of our Promoter in our Bank, see "*Capital Structure – Notes to Capital Structure – History of the Equity Share Capital held by our Promoter*" on page 63.

Certain trademarks which are used by our Bank are registered by our Promoter. Our Bank has obtained a no objection certificate for use of such trademarks. For details of such trademarks, see "*Government and Other Approvals – Intellectual Property*" on page 282.

Our Promoter has no interest in any property acquired by our Bank during the three years preceding the date of this Prospectus, or proposed to be acquired, or in any transaction by our Bank for acquisition of land, construction of building or supply of machinery, etc.

Our Promoter is not interested as member of a firm or company and no sums have been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person, either to induce it to become or to qualify it or otherwise for services rendered by it or by such firm or company in connection with the promotion or formation of our Bank.

Our Promoter is not interested in any other entity which holds any intellectual property rights that are used by our Bank.

Conflict of Interest between our Bank and the Promoter

Our Promoter is involved in (i) providing enrolment/document related services for central/ state government; (ii) selling of devices to merchants of open banking partners (which assists in providing our Bank's services), cooperative banks (which operate in a different customer segment than the ones targeted by our Bank) and other institutions; (iii) providing KYC services to non-banking entities; and (iv) facilitating micro-loan disbursements and collection services for lending business executed through Fino Finance Private Limited.

On the other hand, our Bank is engaged in (i) providing banking services (CASA and cash withdrawal/ deposit through MATM/AePS); (ii) cross selling third party financial products on non-risk sharing basis (insurance, gold loan etc.); and (iii) providing other related financial services (domestic remittance/ CMS/ BC Banking), which are permitted by RBI.

Accordingly, the customer base and services provided by our Bank and our Promoters are different and mutually exclusive, and therefore, no conflict of interest exists between our Bank and our Promoter. In the event any such conflict of interest arises between our Bank and our Promoter in the future, our Bank and our Promoter shall adopt necessary procedures and practices as permitted by law to resolve such conflict in a timely manner.

Payment or benefits to our Promoter or Promoter Group

Except as stated in this section, "*Offer Document Summary - Summary of Related Party Transactions*" and "*Financial Statements*" on pages 14 and 184 respectively, there has been no payment or benefits made to our Promoter or members of our Promoter Group during the two years preceding the filing of this Prospectus nor is there any intention to pay or give any amount or benefit to our Promoter or members of our Promoter Group.

Disassociation by our Promoter in the last three years

Our Promoter has not disassociated itself from any company or firm during the preceding three years from the date of this Prospectus.

Material Guarantees

Our Promoter has not given any material guarantee to any third party with respect to our Equity Shares.

Promoter Group

Members of our Promoter Group include:

a) Fino Trusteeship Services Limited;

b) Fino Finance Private Limited;

c) Fino Financial Services Private Limited; and

d) Bharat Petroleum Corporation Limited.

OUR GROUP COMPANY

In accordance with the provisions of the SEBI ICDR Regulations, and pursuant to the resolution passed by our Board at its meeting held on October 11, 2021, Group Company of our Bank shall include (i) the companies (*other than the promoter*) with which there were related party transactions as per the Restated Financial Statements for the three months ended June 30, 2021, June 30, 2020 and Fiscals 2021, 2020 and 2019; and (ii) other companies considered material by our Board, i.e. promoter group entities with whom the Bank has entered into one or more transactions during the last completed financial year which individually or cumulatively exceeds 10% of the total revenue of the Bank for Fiscal 2021 as per the Restated Financial Statements.

Accordingly, in terms of the policy adopted by the Board for determining group companies, as on the date of this Prospectus, our Board has identified Fino Finance Private Limited as a group company.

The details of our Group Company are provided below:

1) Fino Finance Private Limited ("Fino Finance")

Corporate Information

Fino Finance (*formerly known as Intrepid Finance and Leasing Private Limited*) was incorporated on March 08, 1994 under the Companies Act, 1956. The corporate identification number of Fino Finance Private Limited is U65921MH1994PTC216496.

Nature of Activities

Fino Finance is currently engaged in the business of a non-deposit taking NBFC-MFI registered with the RBI. It provides customer-centric financial services, mainly in the form of micro-credit, to the under-served and un-served women population and MSMEs of the country. The credit extended is utilized majorly in agriculture and allied activities as well as in small businesses. Through its products and services, the company aims at empowering the economically active poor households and MSMEs to grow their businesses and thus improve their overall quality of lives.

Financial Performance

(Figures in ₹ million except per share data)

Particulars	Financial Year ended March 31,		
	2021**	2020**	2019*
Equity capital	110.77	110.77	110.77
Reserves and surplus (excluding revaluation reserves and including fund balance)	130.52	677.70	632.10
Sales/ Turnover (Income)	513.12	1064.95	1324.83
Revenue from operations	498.75	1,015.74	1,324.11
Profit/(Loss) after tax	(547.26)	46.42	(11.86)
Earnings per equity share having face value of ₹ 10 (Basic)	(49.41)	4.19	(1.07)
Earnings per equity share having face value of ₹ 10 (Diluted)	(49.41)	4.19	(1.07)
Net asset value per equity share having face value of ₹ 10	21.78	71.18	67.07

* *Financial Year 2018-19 audit report was prepared based on Indian GAAP accounting standards.*

** *Financial Year 2019-20 & 2020-2021 audit reports were prepared based on Indian Accounting Standard (Ind AS).*

Significant notes of the auditors for the last three Financial Years

Except as stated below, there are no significant notes by the auditors of Fino Finance in relation to the financial statements specified for the three immediately preceding Fiscals:

a) *For Financial Year 2020-21*

The auditors have drawn attention to certain notes to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact Fino Finance's financial statements will depend on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

b) *For Financial Year 2019-20*

The auditors have drawn attention to certain notes to the financial statements, which describes that the extent to which the COVID-19 Pandemic will impact Fino Finance's financial statements will depend on future developments, which are highly uncertain. The auditor's opinion is not modified in respect of this matter.

c) For *Financial Year 2018-19*

The auditors have drawn attention to certain notes to the financial statements which describes the contingent liability regarding the provident fund contribution pursuant to Supreme Court Judgement in Regional Provident Fund

Commissioner (II), West Bengal v. Vivekananda Vidyamandir & Ors. dated February 28, 2019 ('the Judgement'). Based on the legal advice on application of the Judgement and the absence of reliable measurement of the provision for earlier periods, Fino Finance has made a provision for provident fund contribution pursuant to the Judgement only from the date of the Supreme Court Order. The auditor's opinion is not modified in respect of this matter

The details of the reserves (excluding revaluation reserve), sales, profit/(loss) after tax, basic earnings per share, diluted earnings per share and net asset value per share derived from the audited financial statements of Fino Finance for financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, in terms of the SEBI ICDR Regulations are available on http://www.finofinance.in/pdf/ICDR-Disclosure.PDF.

Nature and extent of interest of our Group Company

1. *In the promotion of our Bank*

   Our Group Company does not have any interest in the promotion of our Bank.

2. *In the properties acquired by our Bank in the three years preceding the filing of this Prospectus or proposed to be acquired by it*

   Our Group Company is not interested in the properties acquired by our Bank in the three years preceding the filing of this Prospectus or proposed to be acquired by our Bank.

3. *In transactions for acquisition of land, construction of building, supply of machinery, etc.*

   Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery, etc.

Group Company which is sick industrial companies or are under winding up/insolvency proceedings

Our Group Company does not fall under the definition of sick companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 and is not under any winding up or insolvency proceedings.

Loss making Group Company

Our Group Company has incurred loss in the immediately preceding Financial Year. For details of profits/losses in the preceding three years, see "*Our Group Company – Details of our Group Company*" on page 180.

Defunct Group Company

During the five years immediately preceding the date of the Draft Red Herring Prospectus, our Group Company has not become defunct, and no application has been made to the relevant registrar of companies for striking off the name of our Group Company.

Common pursuits

Except for being in the same line of business of selling insurance products, there are no common pursuits between Fino Finance and the Bank. However, there is no material conflict of interest between the two entities as the target customer base for selling the insurance products are different for Fino Finance and our Bank.

Related business transactions with our Group Company and significance on the financial performance of our Bank

Other than the transactions disclosed in the "*Offer Document Summary - Summary of Related Party Transactions*" and "*Financial Statements*" on pages 14 and 184, respectively, there are no other related business transactions between our Group Company and our Bank. There is also no significant influence of such transactions on the financial performance of our Bank.

Business interests of our Group Company in our Bank

Except as disclosed in "*Offer Document Summary - Summary of Related Party Transactions*" and "*Financial Statements*" on pages 14 and 184, respectively, our Group Company does not have or propose to have any business interest in our Bank.

Litigation

Our Group Company is not party to any pending litigation which will have material impact on our Bank or involved in any criminal matter.

Utilisation of Offer Proceeds

There are no material existing or anticipated transactions in relation to utilisation of the offer proceeds with our Group Company.

Other confirmations

Fino Finance has debentures listed on BSE. Except as stated below, it has not made any public or rights issue of securities in the preceding three years.

No.	Date of Issue/Allotment	Nature of Issue	Stated Objects of the Issue	Status of Compliance with Stated Objects
1.	September 22, 2021/ September 29, 2021	Nature of Issue: Rights Issue Securities Offered: Equity Shares Total Issue Size: ₹50,00,00,000/- No. of Equity shares allotted: 2,50,00,000 Issue Price: INR 20 Current market price: Not Applicable	Repayment of its dues.	Complied

Further, Fino Finance has not been refused listing by any stock exchange in India or abroad or has failed to meet the listing requirements of any stock exchanges in India or abroad.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act, the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and the regulations and guidelines made thereunder.

In addition, our ability to pay dividends may be impacted by a number of factors, including profits, capital requirements, contractual obligations, overall financial conditions of the Bank and restrictive covenants in financing arrangements of the Bank.

Our Bank does not have any formal dividend policy in place as on the date of this Prospectus.

Our Bank has not declared or paid any dividend during the three immediately preceding Financial Years and until the date of filing of this Prospectus.

Further, our ability to pay dividend is also subject to notifications by RBI, for instance in terms of the circular bearing no. DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020 read with the circular bearing no. DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021 issued by RBI, banks were allowed to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio, as defined in paragraph 4 of circular DBOD.NO.BP.BC.88/21.02.067/2004-05 dated May 4, 2005.

The amounts paid as dividends in the past are not necessarily indicative of the Bank's dividend policy or dividend amounts, if any, in the future. See "*Risk Factors – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements*" on page 47.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Report of Independent Auditor on the Restated Summary Statement of Assets and Liabilities as at June 30, 2021, June 30, 2020, March 31, 2021, March 31, 2020, and March 31, 2019, and Restated Summary Statement of Profits and Losses, Restated Statement of Cash Flows along with the Summary Statement of Significant Accounting Policies and other explanatory information for periods ended June 30, 2021 and June 30, 2020 and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, of Fino Payments Bank Limited (collectively, the "Restated Financial Information")

The Board of Directors
Fino Payments Bank Limited
Mindspace Juinagar,
Plot No Gen 2/1/F, Tower 1, 8th Floor,
TTC Industrial Area,
MIDC Shirwane, Juinagar,
Navi Mumbai - 400 706

Dear Sirs/ Madams,

1. We have examined the Restated Financial Information of Fino Payments Bank Limited (the "Bank") as at June 30, 2021 June 30, 2020, March 31, 2021, March 31, 2020, and March 31, 2019, annexed to this report for the purpose of inclusion in the Red Herring Prospectus ("RHP") and the prospectus, prepared by the Bank in connection with its proposed Initial Public Offer of equity shares of face value of Rs. 10 each ("Offer"). The Restated Financial Information, which have been approved by the board of directors of the Bank (the "Board of Directors") at their meeting held on October 11, 2021, and have been prepared by the Bank in accordance with the requirements of:

    a) the Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Bank's management are responsible for the preparation of Restated Financial Information for the purpose of inclusion in the RHP and the prospectus to be filed with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in connection with the Offer and the RHP and prospectus to be filed with SEBI and Registrar of Companies, Maharashtra at Mumbai. The Restated Financial Information have been prepared by the management of the Bank in accordance with the basis of preparation stated in Note 1(B) of the Restated Financial Information. The management of the Bank is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The management of the Bank is also responsible for identifying and ensuring that the Bank complies with the Act, the SEBI ICDR Regulations and the Guidance Note.

3. We have examined the Restated Financial Information taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated July 22, 2021, and addendum thereto dated October 11, 2021, in connection with the Offer.

    b) The Guidance Note. The Guidance Note requires that we comply with the ethical requirements as stated in the Code of Ethics issued by the ICAI;

    c) the concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

    d) the requirements of Section 26 of the Act and the SEBI ICDR Regulations.

    Our work was performed solely to assist you in meeting your responsibilities in relation to compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the Offer.

4. The Restated Financial Information have been compiled by the management from the audited financial statements of the Bank as at and for the periods ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, March 31, 2020, and March 31, 2019, prepared in accordance with accounting standards notified under section 133 of the Act read with the Companies (Accounts) Rules, 2014, as applicable to the Bank (the "Indian GAAP"), the Banking Regulation Act, 1949 and directions issued by the Reserve Bank of India from time to time and have been approved by the Board of Directors at their meeting held on October 11, 2021 (for periods ended June 30, 2021 and June 30, 2020), , May 15 , 2021, May 15, 2020 and May 22, 2019 respectively.

5. For the purpose of our examination, we have relied on:

   a) Auditor's reports issued by us dated October 11, 2021 on the financial statements of the Bank as at and for the periods ended June 30, 2021 and June 30, 2020, and auditor's report issued by us dated May 15, 2021, and May 15, 2020 on the financial statements of the Bank as at and for the years ended March 31, 2021 and March 31, 2020 respectively as referred in Para 4 above. The audited financial statements of the Bank for the periods ended June 30, 2021 and June 30, 2020 and years ended March 31, 2021, and March 2020 included an Emphasis of Matter Paragraph as follows:

   "We draw attention to Note 42 to Schedule 18 in the audited financial statements for the period ended June 30, 2021, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter." and

   "We draw attention to Note 42 to Schedule 18 in the audited financial statements for the period ended June 30, 2020, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter." and

   "We draw attention to Note 42 to Schedule 18 in the audited financial statements for the year ended March 31, 2021, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter." and

   "We draw attention to Note 42 to Schedule 18 in the audited financial statement for the year ended March 31, 2020, which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statements will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter."

   b) Auditor's reports issued by B S R & Associates LLP ("Previous Auditor") dated May 22, 2019, on the financial statements of the Bank as at and for the year ended March 31, 2019, as referred in Para 4 above.

   The audited financial statements for the year ended March 31, 2019, and the independent auditor's report thereon issued by the Previous Auditor have been furnished to us by the Bank. Upon specific request by the Bank, we have examined and reported on the restated financial information for the year ended March 31, 2019. The adjustments in so far as it relates to the amounts, disclosures, material errors, regroupings, reclassifications etc., included in respect of the year ended March 31, 2019, is restricted to and based solely on the audited financial statements and auditor's report issued by the Previous Auditor for such years. We have not performed any additional procedures other than those stated herein and do not accept any responsibility of whatsoever nature in this regard.

6. Based on the above and according to the information and explanations given to us, we report that:

   i) Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, any material errors and regroupings/ reclassifications retrospectively in the financial years as at and for the period ended June 30, 2020 and years ended March 31, 2021, March 31, 2020 and March 31, 2019, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the period ended June 30, 2021, as more fully described in Annexure 4 to the Restated Financial Information (Restated Statement of Adjustments to Audited Financial Statements);

   ii) there are no qualifications in the auditor's reports on the audited financial statements of the Bank as at and for the periods ended June 30, 2021 and June 30, 2020 and for the years ended March 31, 2021, March 31, 2020, and March 31, 2019, which require any adjustments to the Restated Financial Information. There is an Emphasis of Matter (refer paragraph 5(a) above), which do not require any adjustment to the Restated Financial Information; and

   iii) Restated Financial Information have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.

7. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 4 above, other than impact on Earnings Per Share on account of issue of bonus shares (refer note 39 to the Restated financial statements)

8. This report should not in any way be construed as a reissuance or re-dating of any of the previous auditor's reports issued by us or by the Previous Auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

9. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

10. Our report is intended solely for use of the Board of Directors and for inclusion in the RHP and the prospectus to be filed with the SEBI, BSE, NSE and the RoC, as applicable in connection with the Offer. Our report should not be used, referred to or distributed for any other purpose without prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care towards any other person relying on the statement.

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

Padmashree Crasto
Partner
Membership No. 117156
UDIN: 21117156AAAAAK2259
Mumbai
October 11, 2021

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Annexure-1: Restated Summary Statement of Assets and Liabilities

(Currency : Indian Rupees in millions)

PARTICULARS	*Refer Note*	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
CAPITAL AND LIABILITIES						
Capital	2	445.80	445.80	445.80	445.80	445.80
Reserves and surplus	3	1,090.95	873.44	1,059.67	854.93	1,175.29
Deposits	4	2,512.52	1,286.02	2,428.36	1,175.29	475.40
Borrowings	5	2,112.84	1,005.18	1,807.98	1,107.90	829.03
Other liabilities and provisions	6	4,039.49	4,721.72	4,361.10	2,656.09	3,915.20
		10,201.60	**8,332.16**	**10,102.91**	**6,240.01**	**6,840.72**
ASSETS						
Cash and balances with Reserve Bank of India	7	477.94	776.93	883.17	1,308.08	1,574.49
Balances with banks and money at call and short notice	8	1,667.52	2,435.29	1,825.00	1,711.72	2,308.58
Investments	9	5,578.25	2,436.65	5,035.58	1,282.70	732.02
Advances	10	0.63	0.66	1.32	1.02	0.80
Fixed assets	11	801.30	494.15	642.18	494.92	422.31
Other Assets	12	1,675.96	2,188.48	1,715.66	1,441.57	1,802.52
		10,201.60	**8,332.16**	**10,102.91**	**6,240.01**	**6,840.72**
Contingent liabilities	13	40.14	43.40	40.14	43.40	43.40
Bills for collection						

Summary of Significant Accounting Policies 1
The accompanying Notes are an integral part of the restated summary statements

As per our report of even date attached

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

For and on behalf of the Board of Directors
Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Padmashree Crasto
Partner
Membership No: 117156

M K Chouhan
Non Executive Chairman &
Independent Director
DIN : 00187253

Deena Mehta
Independent Director
DIN : 00168992

Rishi Gupta
Managing Director &
Chief Executive Officer

Ketan Merchant
Chief Financial Officer

Basavraj Loni
Company Secretary &
AVP - Legal
M No : A23095

Place : Mumbai
Date 11 October 2021

Place : Navi Mumbai
Date: 11 October 2021

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Annexure-2: Restated Summary Statement of Profit and Loss

(Currency : Indian Rupees in millions)

	PARTICULARS	Refer Note	Period ended June 30, 2021	Period ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
I	**INCOME**						
	Interest earned	14	60.57	44.26	202.55	181.30	191.52
	Other income	15	2,001.86	1,468.95	7,707.72	6,732.67	3,519.69
			2,062.43	**1,513.21**	**7,910.27**	**6,913.97**	**3,711.21**
II	**EXPENDITURE**						
	Interest expended	16	30.58	29.18	95.42	98.68	55.28
	Operating expenses	17	2,000.57	1,464.28	7,569.89	7,125.32	4,270.42
	Provisions and contingencies		-	1.24	40.22	10.33	9.35
			2,031.15	**1,494.70**	**7,705.53**	**7,234.33**	**4,335.05**
III	**PROFIT/LOSS**						
	Net profit /(loss) for the period/year		31.28	18.51	204.74	(320.36)	(623.84)
	Profit/(loss) brought forward		(3,036.24)	(3,189.79)	(3,189.79)	(2,869.43)	(2,245.59)
			(3,004.96)	**(3,171.28)**	**(2,985.05)**	**(3,189.79)**	**(2,869.43)**
IV	**APPROPRIATIONS**						
	Transfer to statutory reserve		-	-	51.19	-	-
	Balance carried over to Balance Sheet		**(3,004.96)**	**(3,171.28)**	**(3,036.24)**	**(3,189.79)**	**(2,869.43)**
	EARNING PER EQUITY SHARE (Face value of Rs.10 per share)						
	Basic (Rs.)		0.40	0.24	2.62	(4.11)	(8.00)
	Diluted (Rs.)		0.40	0.24	2.62	(4.11)	(8.00)

Summary of Significant Accounting Policies 1
The accompanying Notes are an integral part of the restated summary statements

As per our report of even date attached

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

Padmashree Crasto
Partner
Membership No: 117156

Place: Mumbai
Date: 11 October 2021

For and on behalf of the Board of Directors
Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

M K Chouhan
Independent Director
DIN : 00187253

Deena Mehta
Independent Director
DIN : 00168992

Rishi Gupta
Managing Director &
Chief Executive Officer

Ketan Merchant
Chief Financial Officer

Basavraj Loni
Company Secretary &
AVP - Legal
M No : A23095

Place : Navi Mumbai
Date : 11 October 2021

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Annexure-3: Restated Summary Statement of Cash Flows

(Currency : Indian Rupees in millions)

	Particulars	Period ended June 30, 2021	Period ended June 30, 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
I	**Cash Flow from / (used in) operating activities**					
	Net profit / (loss) for the year (before taxes)	31.28	18.51	204.74	(320.36)	(623.84)
	Adjustments for:-					
	Profit/ (Loss) on Sale of Fixed Assets (Net)	-	-	6.37	(2.86)	(0.05)
	Add : Non-Cash Expenditure					
	Depreciation	67.86	55.13	535.83	235.66	182.59
	Provision for doubtful debts and advances	-	1.24	40.22	10.33	9.35
	Gratuity	3.18	5.85	18.16	22.97	14.68
	Compensated absence	2.43	0.45	9.74	9.51	13.91
		104.75	**81.18**	**815.06**	**(44.75)**	**(403.36)**
	Cash Flow before working capital changes					
	Adjustments for working capital changes:-					
	Increase/(decrease) in deposits	84.16	110.73	1,253.07	699.90	83.13
	(Increase)/decrease in advances	0.69	0.36	(0.29)	(0.22)	(0.20)
	Increase/(decrease) in other liabilities and provisions	(327.23)	2,059.33	1,677.12	(1,291.60)	1,624.58
	(Increase)/decrease in investments	(542.67)	(1,153.95)	(3,752.88)	(550.68)	(94.29)
	(Increase)/decrease in other assets	58.04	(822.46)	(409.38)	282.37	(976.94)
	Direct tax(paid)/received (net of refunds)	(18.33)	74.31	95.06	68.25	53.45
			-			
	Net cash used in operating activities	**(640.59)**	**349.50**	**(322.24)**	**(836.73)**	**286.37**
II	**Cash Flow from / (used in) investing activities**					
	Addition to fixed assets (including capital work in progress)	(226.98)	(54.36)	(690.38)	(309.34)	(137.81)
	Sale of Fixed assets	-	-	0.92	3.92	1.60
	Net cash used in investing activities	**(226.98)**	**(54.36)**	**(689.46)**	**(305.42)**	**(136.21)**
III	**Cash Flow from/ (used in) financing activities**					
	Net proceeds from borrowings	304.86	(102.72)	700.07	278.88	349.65
	Net cash flow from financing activities	**304.86**	**(102.72)**	**700.07**	**278.88**	**349.65**
IV	**Net (Decrease)/Increase in Cash and cash equivalent**	(562.71)	192.42	(311.63)	(863.27)	499.81
V	**Cash and cash equivalents at the beginning of the year**	2,708.17	3,019.80	3,019.80	3,883.07	3,383.26
VI	**Cash and cash equivalents at the end of the year**	**2,145.46**	**3,212.22**	**2,708.17**	**3,019.80**	**3,883.07**

Notes to the Cash Flow Statement:

	Cash and cash equivalents includes the following:					
(i)	Cash and balances with Reserve Bank of India (Refer Schedule 6)	477.94	776.93	883.17	1,308.08	1,574.49
(ii)	Balances with banks and money at call and short notice (Refer Schedule 7)	1,667.52	2,435.29	1,825.00	1,711.72	2,308.58
	Cash and cash equivalents at the end of the year	**2,145.46**	**3,212.22**	**2,708.17**	**3,019.80**	**3,883.07**

As per our report of even date attached

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

For and on behalf of the Board of Directors
Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Padmashree Crasto
Partner
Membership No: 117156

M K Chouhan
Non Executive Chairman &
Independent Director
DIN : 00187253

Deena Mehta
Independent Director
DIN : 00168992

Rishi Gupta
Managing Director &
Chief Executive Officer

Ketan Merchant
Chief Financial Officer

Basavraj Loni
Company Secretary &
DVP - Legal
M No : A23095

Place: Mumbai
Date: 11 October 2021

Place: Navi Mumbai
Date : 11 October 2021

Annexure-4: Restated Statement of Material Adjustment and Regrouping

1 **Material Adjustments**

The accounting policies as at and for the period ended June 30, 2021 and period ended June 30, 2020 are materially consistent with the policies adopted for each years ended March 31, 2021, March 31, 2020 and March 31, 2019. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies

2 **Material Regroupings**

Appropriate adjustments have been made in the restated summary of Assets and Liabilities , Profit and Loss and Cash flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Bank as at and for period ended June 30, 2021. There are no material regrouping made in the Restated financial statements.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

A. Background and nature of operations

Fino Payments Bank Limited ('the Bank') was originally incorporated as Fino Fintech Foundation on 23 June 2007,for promoting objects of the nature specified in Section 8, sub-section (1), clause (a) of the Companies Act, 2013 ('the Act') and that it intends to apply its profits if any, or other income in promoting its objects and to prohibit the payment of any dividends to its members.

The Reserve Bank of India ('RBI') issued a license to the Bank on 30 March 2017 under Section 22 (1) of the Banking Regulation Act, 1949 to carry on the business of Payments Bank in India. Pursuant to the resolution passed in the extra ordinary general meeting held on 31 March 2017, the name of the Bank was changed from Fino Fintech Limited to Fino Payments Bank Limited with effect from 04 April 2017.The Bank commenced operations as a Payments Bank with effect from 30 June 2017. The Bank offers services such as current and savings accounts, remittances, business correspondent, mobile banking, bill payments and third party financial products distribution. The Bank is engaged in providing various types of financial services to the rural, poor and underserved and unserved classes to help them be economically self-reliant.

The Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.NBD.No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021.

Fino Payments Bank Limited is a wholly owned subsidiary of FINO PayTech Limited ('the Holding Company') which is engaged in providing business and banking technology platform based solutions and services related to financial inclusion.

These restated financial statements are presented in Indian Rupees ('Rupees' or 'Rs.') and all amounts are rounded to millions , except as stated otherwise.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

B. Basis of preparation of financial statements

The Restated Financial Information of the Bank have been prepared for inclusion in the Red Herring Prospectus to be filed by the Bank with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Bank. The Restated Financial Information have been prepared to comply in all material respects with the requirements of:

1) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended ("the Act"),

2) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations"); and

3) Guidance Note on Report in Company Prospectus (Revised 2019) issued by Institute of Chartered Accountants of India (referred to as 'the Guidance note')

The restated financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India (GAAP), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time, Accounting Standards (AS) specified under Section 133 of the Act read together with paragraph 7 of the companies (Accounts) rules 2014 to the extent applicable, in so far as they apply to bank's and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

C. Principal accounting policy

1. Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM) categories (hereinafter called "categories"). Subsequent shifting amongst the categories, if done, is also done in accordance with these guidelines. HTM investments are made only out of own funds.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The Bank follows settlement date accounting for recording purchase and sale of investments.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost:

Broken period interest on debt instruments and government securities are considered as a revenue item under Statement of Profit and Loss as per RBI guideline. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments is recognised in Statement of Profit and Loss.

Disposal of Investments:

a. **Investments classified as HFT or AFS** – Profit or loss on sale or redemption is recognised in the Statement of Profit and Loss.
b. **Investment classified as HTM** – Profit on sale or redemption of investment is recognised in the Statement of Profit and Loss and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale of redemption is recognised in the Statement of Profit and Loss.

Valuation:

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India (PDAI) jointly with Financial Benchmark India Pvt Ltd (FBIL), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio (SLR), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity (YTM) rates published by FBIL.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Rs. 1 as per the RBI guidelines.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

1. Investments*(Continued)*

Valuation*(Continued)*:

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield to maturity basis.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Statement of Profit and Loss. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. The provision are made for a diminution other than temporary, in the value of investments classified under HTM. Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Statement of Profit and Loss until received.

In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

2. Advances

As per the Operating guidelines for Payments Bank issued by RBI on 06 October 2016('the Operating Guidelines'), Payments Banks (PBs) are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Operating guidelines, the Bank has classified employee loans as advances,as per the Employee loan policy, duly approved by Board. Employees who are confirmed and have completed at least one year of service with the Bank are entitled to avail loan. The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

3. Deposits

As per the Operating guidelines PBs can accept only savings and current deposits. The aggregate limit per customer shall not exceed Rs. 100,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the Bank may collect from any of its service providers in the ordinary course of business.

4. Fixed assets and depreciation

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are recognised in the Statement of Profit and Loss as incurred. Capital work in progress is valued at cost.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in Statement of Profit and Loss on the date of retirement or disposal.

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses if any.

Depreciation is charged over the estimated useful life of the fixed assets. The management believes that the useful life of assets assessed by the Bank, pursuant to the Act, taking into account changes in the environment, changes to the technology, the utility and the efficacy of the asset in use, fairly reflects is estimate of useful life of the fixed assets. The estimated useful life of key fixed assets are given below

Class of asset	**Useful life**
Computers hardware	3 Years
Motor car	5 Years
Office equipments	5 Years
Furniture and fixtures	10 Years
Leasehold improvements	Over the period of lease
Computer software	5 Years
Plant and machinery	5 Years

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

4. Fixed assets and depreciation *(Continued)*

All fixed assets are depreciated as per written down value method except for Leasehold improvements, Computer hardware, Computer software and Plant and machinery, which are being depreciated as per straight line method.

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

5. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

6. Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Non –monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The exchange differences, if any, are recognised in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

7. Revenue recognition

(i) Interest income on deposits with Bank'sand financial institutions is recognised on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.

(ii) Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

7. Revenue recognition*(Continued)*

(iii) Transaction fee is recognised on the completion of individual transactions made through Point of Transaction (POT) devices.

(iv) Disbursement fee includes remittance and service fees which are recognised based on the amount of disbursements / remittances / collections made through POT devices.

(v) Business correspondent fee is recognised on the allotment of POT devices to individual agents.

(vi) Account maintenance fees are recognised on the basis of number of accounts maintained.

(vii) Agent registration fee is recognised on receipt of non-refundable agent deposit.

(viii) Insurance broking income is recognised based on the numbers of policies sold to customers on behalf of insurance companies.

(ix) Service revenue is recognised on completion of provision of services. Revenue, net of discount is recognised on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realization of consideration.

(x) Field support service is recognised on distribution of cards to the accountholders.

(xi) Third party financial products processing fees are recognised on an upfront basis.

(xii) Retail income including subscription charges and annual charges relating to debit cards issuance is recognised to the extent of balance available in the customer's account.

(xiii) All other fees are accounted for as and when they become due.

8. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. The total lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term.A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

9. Taxation

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

Current tax

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred taxation

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Minimum Alternate Tax ('MAT')

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

10. Earnings per share

The Bank reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

11. Provisions, contingent liabilities and contingent assets

The Bank creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigations, assessment fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

12. Provision for bad and doubtful debts

The Bank creates 100% provision against all receivables outstanding for more than 180 days or earlier where recovery is considered doubtful.

13. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other Bank's and money at call and short notice.

14. Employee benefits

Post employment benefits

Defined contribution plan

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

Note 1 - Significant accounting policies forming part of the Restated Summary Statements

C. Principal accounting policy *(Continued)*

14. Employee benefits*(Continued)*

Defined benefit plan

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

The Bank recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. The Bank recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences

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

15. Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

16. Share Issue Expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013 and post approval from RBI in accordance with RBI/2006- 07/132 DBOD.BP.BC No. 31 / 21.04.018/ 2006-07

17. Employee Stock Option Scheme

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Bank measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

Notes forming part of the Restated Summary Statement of Assets and Liabilities

(Currency : Indian Rupees in millions)

2 CAPITAL

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Authorised Capital					
85,000,000 ordinary equity shares of Rs.10/- each	850.00	850.00	850.00	850.00	850.00
Issued, subscribed and paid-up capital					
44,579,997 ordinary equity shares of Rs. 10/- each	445.80	445.80	445.80	445.80	445.80
TOTAL	**445.80**	**445.80**	**445.80**	**445.80**	**445.80**

3 RESERVES & SURPLUS

Particulars		As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1.	**Statutory Reserve**					
(i)	Opening balance	51.19	-	-	-	-
(ii)	Addition during the year	-	-	51.19	-	-
(iii)	Deduction during the year	-	-	-	-	-
	Total	**51.19**	**-**	**51.19**	**-**	**-**
2.	**Capital Reserve**					
(i)	Opening balance	-	-	-	-	-
(ii)	Addition during the year	-	-	-	-	-
(iii)	Deduction during the year	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
3.	**Revaluation Reserve**					
(i)	Opening balance	-	-	-	-	-
(ii)	Addition during the year	-	-	-	-	-
(iii)	Deduction during the year (Depreciation on revalued portion credited to Statement of Profit and Loss)	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
4.	**Share Premium**					
(i)	Opening balance	4,044.72	4,044.72	4,044.72	4,044.72	4,044.72
(ii)	Addition during the year	-	-	-	-	-
(iii)	Deduction during the year	-	-	-	-	-
	Total	**4,044.72**	**4,044.72**	**4,044.72**	**4,044.72**	**4,044.72**
5.	**Revenue & Other Reserves**					
(i)	Opening balance	-	-	-	-	-
(ii)	Addition during the year	-	-	-	-	-
(iii)	Deduction during the year	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
6.	**Investment Reserve**					
(i)	Opening balance	-	-	-	-	-
(ii)	Addition during the year	-	-	-	-	-
(iii)	Deduction during the year	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
7.	**Balance in Statement of Profit & Loss**	(3,004.96)	(3,171.28)	(3,036.24)	(3,189.79)	(2,869.43)
	TOTAL (1 to 7)	**1,090.95**	**873.44**	**1,059.67**	**854.93**	**1,175.29**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

4 DEPOSITS

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
A. 1. Demand deposits					
i) From banks	-	-	-	-	-
ii) From others	15.31	16.03	16.30	16.40	19.79
Total	**15.31**	**16.03**	**16.30**	**16.40**	**19.79**
2. Savings bank deposits	**2,497.21**	**1,269.99**	**2,412.06**	**1,158.89**	**455.61**
3. Term deposits					
i) From banks	-	-	-	-	-
ii) From others	-	-	-	-	-
Total	-	-	-	-	-
TOTAL (1 to 3)	**2,512.52**	**1,286.02**	**2,428.36**	**1,175.29**	**475.40**
B. i. Deposits of branches in India	2,512.52	1,286.02	2,428.36	1,175.29	475.40
ii. Deposits of branches outside India	-	-	-	-	-
TOTAL	**2,512.52**	**1,286.02**	**2,428.36**	**1,175.29**	**475.40**

5 BORROWINGS

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Borrowings in India					
(i) Reserve Bank of India	-	-	-	-	-
(ii) Other banks	512.85	1,005.18	507.98	1,107.90	829.03
(iii) Other institutions and agencies	1,599.99	-	1,300.00	-	-
(iv) Subordinated debt	-	-	-	-	-
Total	**2,112.84**	**1,005.18**	**1,807.98**	**1,107.90**	**829.03**
2. Borrowings outside India	-	-	-	-	-
TOTAL (1 + 2)	**2,112.84**	**1,005.18**	**1,807.98**	**1,107.90**	**829.03**

6 OTHER LIABILITIES AND PROVISIONS

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Bills payable	-	-	-	-	-
2. Inter office adjustments (Net)	-	-	-	-	-
3. Interest accrued	0.22	0.39	0.20	0.37	0.40
4. Others (including provisions)	4,039.27	4,721.33	4,360.90	2,655.72	3,914.80
TOTAL (1 to 4)	**4,039.49**	**4,721.72**	**4,361.10**	**2,656.09**	**3,915.20**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

7 CASH AND BALANCES WITH RESERVE BANK OF INDIA

	Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1.	Cash in hand	138.35	108.68	63.87	105.76	167.72
2.	Balances with Reserve Bank of India					
(i)	In current account	339.59	668.25	819.30	1,202.32	1,406.77
(ii)	In other accounts	-	-	-	-	-
	TOTAL (1 + 2)	**477.94**	**776.93**	**883.17**	**1,308.08**	**1,574.49**

8 BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

	Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1.	**In India**					
(i)	Balances with banks					
	a) In current accounts	448.28	1,030.74	519.77	321.68	564.74
	b) In other deposit accounts	1,219.24	1,404.55	1,305.23	1,390.04	1,743.84
(ii)	Money at call and short notice					
	a) With banks	-	-	-	-	-
	b) With other institutions	-	-	-	-	-
	Total (i+ii)	**1,667.52**	**2,435.29**	**1,825.00**	**1,711.72**	**2,308.58**
2.	**Outside India**					
(i)	a) In current accounts	-	-	-	-	-
(ii)	b) In other deposit accounts	-	-	-	-	-
(iii)	Money at call and short notice	-	-	-	-	-
	Total (i+ii+iii)	**-**	**-**	**-**	**-**	**-**
	TOTAL (1 + 2)	**1,667.52**	**2,435.29**	**1,825.00**	**1,711.72**	**2,308.58**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

9 INVESTMENTS

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1. Investments in India in					
(i) Government securities	5,578.25	2,436.65	5,035.58	1,282.70	732.02
(ii) Other approved securities	-	-	-	-	-
(iii) Shares	-	-	-	-	-
(iv) Debentures & bonds	-	-	-	-	-
(v) Subsidiaries / joint venture	-	-	-	-	-
(vi) Others	-	-	-	-	-
Total	**5,578.25**	**2,436.65**	**5,035.58**	**1,282.70**	**732.02**
*** Details of Others (vi)**					
(i) NABARD / SIDBI / NHB Deposit	-	-	-	-	-
(i) Commercial paper & certificates of deposit	-	-	-	-	-
(ii) Mutual funds	-	-	-	-	-
(iii) Venture capital fund	-	-	-	-	-
(iv) Pass through certificates	-	-	-	-	-
(v) Security receipts	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
2. Investments Outside India in					
(i) Government securities (Including local authorities)	-	-	-	-	-
(ii) Subsidiaries / joint venture abroad	-	-	-	-	-
(iii) Other investments	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
TOTAL (1 + 2)	**5,578.25**	**2,436.65**	**5,035.58**	**1,282.70**	**732.02**
3 Investments					
(i) Gross value of investments					
a) In India	5,578.25	2,436.65	5,035.58	1,282.70	732.02
b) Outside India	-	-	-	-	-
(ii) Provision for depreciation					
a) In India	-	-	-	-	-
b) Outside India	-	-	-	-	-
(iii) Net value of investments					
a) In India	5,578.25	2,436.65	5,035.58	1,282.70	732.02
b) Outside India	-	-	-	-	-
Total	**5,578.25**	**2,436.65**	**5,035.58**	**1,282.70**	**732.02**

(Currency : Indian Rupees in millions)

10 ADVANCES

	Particulars	**As at 30 June 2021**	**As at 30 June 2020**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
A.						
(i)	Bills purchased and discounted	-	-	-	-	-
(ii)	Cash credits, overdrafts and loans repayable on demand	-	-	-	-	-
(iii)	Term loans	0.63	0.66	1.32	1.02	0.80
	Total	**0.63**	**0.66**	**1.32**	**1.02**	**0.80**
B.						
(i)	Secured by tangible assets (Includes advances against fixed deposits and book debts)	-	-	-	-	-
(ii)	Covered by bank/government guarantees	-	-	-	-	-
(iii)	Unsecured	0.63	0.66	1.32	1.02	0.80
	Total	**0.63**	**0.66**	**1.32**	**1.02**	**0.80**
C.1	**Advances in India**					
(i)	Priority sector	-	-	-	-	-
(ii)	Public sector	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Others	0.63	0.66	1.32	1.02	0.80
	Total	**0.63**	**0.66**	**1.32**	**1.02**	**0.80**
C.2	**Advances Outside India**					
(i)	Due from banks	-	-	-	-	-
(ii)	Due from others					
	a) Bills purchased and discounted	-	-	-	-	-
	b) Syndicated loans	-	-	-	-	-
	c) Others	-	-	-	-	-
	Total		**-**	**-**	**-**	**-**
	TOTAL (C.1 + C.2)	**0.63**	**0.66**	**1.32**	**1.02**	**0.80**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

11 FIXED ASSETS

	Particulars	**As at 30 June 2021**	**As at 30 June 2020**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
1.	**Premises** *(including land)*					
(i)	At cost at 31 March of the preceding year	-	-	-	-	-
(ii)	Additions during the year	-	-	-	-	-
	Total	-	-	-	-	-
(iii)	Deductions during the year	-	-	-	-	-
(iv)	Accumulated depreciation to date	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
2.	**Other Fixed Assets (including furniture and fixtures)**					
(i)	At cost at 31 March of the preceding year	1,740.10	1,092.09	1,092.09	791.57	646.02
(ii)	Additions during the year	226.52	46.80	676.68	308.41	147.32
	Total	1,966.62	1,138.89	1,768.77	1,099.98	793.34
(iii)	Deductions during the year	-	-	28.66	7.90	1.77
(iv)	Accumulated depreciation to date	1,183.88	656.70	1,116.03	601.56	372.74
	Total	**782.74**	**482.19**	**624.08**	**490.52**	**418.83**
3.	**Assets given on Lease**					
(i)	At cost at 31 March of the preceding year	-	-	-	-	-
(i)	Lease equalisation - opening balance	-	-	-	-	-
(ii)	Additions during the year	-	-	-	-	-
(iii)	Less: Provision held	-	-	-	-	-
(iv)	Accumulated depreciation to date	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**
4.	**Capital work in progress**	**18.56**	**11.96**	**18.10**	**4.40**	**3.48**
	TOTAL (1 to 4)	**801.30**	**494.15**	**642.18**	**494.92**	**422.31**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

12 OTHER ASSETS

	Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1.	Inter-office adjustment (Net)	-	-	-	-	-
2.	Interest accrued	24.87	22.88	13.60	11.16	10.95
3.	Tax paid in advance/tax deducted at source (Net of provision	66.32	68.73	47.99	143.05	210.54
4.	Stationery and stamps	-	-	-	-	-
5.	Deferred tax assets (Net) (Refer Schedule 18-Note 13)	-	-	-	-	-
6.	Others	1,584.77	2,096.87	1,654.07	1,287.36	1,581.03
	TOTAL (1 to 6)	**1,675.96**	**2,188.48**	**1,715.66**	**1,441.57**	**1,802.52**

13 CONTINGENT LIABILITIES

	Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
1.	Claims against the bank not acknowledged as debts	-	-	-	-	-
2.	Liability for partly paid investment	-	-	-	-	-
3.	Liability on account of outstanding forward exchange contra	-	-	-	-	-
4.	Liability on account of outstanding derivative contracts	-				
(i)	Interest rate swaps	-	-	-	-	-
(ii)	Cross currency swaps	-	-	-	-	-
(iii)	Currency options	-	-	-	-	-
(iv)	Currency futures	-	-	-	-	-
(v)	Interest rate futures	-	-	-	-	-
5.	Guarantees given on behalf of constituents	-				
(i)	In India	-	-	-	-	-
(ii)	Outside India	-	-	-	-	-
6.	Acceptances, endorsements and other obligations	-	-	-	-	-
7.	Other items for which the bank is contingently liable	-	-			
	a) Income tax & other matters (under appeal)	3.31	6.58	3.31	6.58	6.58
	b) Others	36.83	36.82	36.83	36.82	36.82
	TOTAL (1 to 7)	**40.14**	**43.40**	**40.14**	**43.40**	**43.40**

Notes forming part of the Restated Summary Statement of Assets and Liabilities *(Continued)*

(Currency : Indian Rupees in millions)

14 INTEREST EARNED

	Particulars	As at 30 June 2021	As at 30 June 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Interest / Discount on Advances / bills	0.03	0.02	0.06	0.09	0.09
2.	Income on Investments	46.42	17.95	100.78	48.16	47.01
3.	Interest on balances with Reserve Bank of India and other inter-bank funds	14.04	21.99	94.05	124.67	128.16
4.	Other interest	0.08	4.30	7.66	8.38	16.26
	TOTAL (1 to 4)	**60.57**	**44.26**	**202.55**	**181.30**	**191.52**

15 OTHER INCOME

	Particulars	As at 30 June 2021	As at 30 June 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Commission, Exchange and Brokerage	1,778.62	1,286.10	6,755.64	6,045.35	3,304.99
2.	Profit/(loss) on sale of Investments (Net)	-	-	-	(0.09)	(0.04)
3.	Profit /(loss) on sale of land, building and other assets (Net)	-	-	(6.37)	2.86	0.05
4.	Profit/(loss) on exchange transactions (Net)	-	-	0.00	0.00	0.00
5.	Miscellaneous Income	223.24	182.85	958.45	684.55	214.69
	TOTAL (1 to 5)	**2,001.86**	**1,468.95**	**7,707.72**	**6,732.67**	**3,519.69**

16 INTEREST EXPENDED

	Particulars	As at 30 June 2021	As at 30 June 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Interest on Deposits	17.64	10.12	44.29	27.65	12.40
2.	Interest on Reserve Bank of India / Inter-Bank Borrowings	4.04	18.77	35.73	70.87	42.87
3.	Others	8.90	0.29	15.40	0.16	0.01
	TOTAL (1 to 3)	**30.58**	**29.18**	**95.42**	**98.68**	**55.28**

17 OPERATING EXPENSES

	Particulars	As at 30 June 2021	As at 30 June 2020	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
1.	Payments to and provisions for employees	333.87	258.67	1,147.12	1,238.83	1,272.00
2.	Rent, taxes and lighting	30.06	35.03	125.70	170.52	162.03
3.	Printing and stationery	5.81	2.35	11.07	9.18	35.39
4.	Advertisement and publicity	44.77	19.53	86.36	70.83	41.96
5.	Depreciation on banks property	67.86	55.13	535.83	235.66	182.59
6.	Director's fees Allowances and expenses	2.45	2.01	7.05	6.84	5.65
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	1.22	1.22	4.88	4.88	4.70
8.	Law Charges	6.19	1.01	29.59	31.71	23.63
9.	Postage, Telegrams, Telephones, etc.	25.10	30.71	118.66	110.56	97.74
10.	Repairs and maintenance	21.71	7.69	76.21	61.98	70.33
11.	Insurance	9.93	8.29	31.11	26.43	19.67
12.	Other Expenditure (Refer Note 46 of Notes to Accounts)	1,451.60	1,042.64	5,396.31	5,157.90	2,354.73
	TOTAL (1 to 12)	**2,000.57**	**1,464.28**	**7,569.89**	**7,125.32**	**4,270.42**

(Currency : Indian Rupees in millions)

Notes forming part of the Restated Summary Statement of Assets and Liabilities

18 Additional Disclosure

A Reconciliation (No of Shares outstanding)

Particulars	As at 30 June 2021		As at 30 June 2020		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	No of Shares (In Mn)	Amount	No of Shares (In Mn)	Amount	No of Shares (In Mn)	Amount	No of Shares (In Mn)	Amount	No of Shares (In Mn)	Amount
No of shares outstanding as at the beginning	44.58	445.80	44.58	445.80	44.58	445.80	44.58	445.80	44.58	445.80
Less: Share Forfeited During the Period/Year	-	-	-	-	-	-	-	-	-	-
Add: No of Shares issued during the Period/Year	-	-	-	-	-	-	-	-	-	-
No of shares outstanding as at the end	**44.58**	**445.80**	**44.58**	**445.80**	**44.58**	**445.80**	**44.58**	**445.80**	**44.58**	**445.80**

B Details of shares held by each shareholder holding more than 5% equity Shares

Name of shareholder	As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
	% of holding	% of holding	% of holding	% of holding	% of holding
FINO PayTech Limited	99.99%	99.99%	99.99%	99.99%	99.99%

C Accounting Ratios

Particulars		As at 30 June 2021	As at 30 June 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Basic earnings per share (₹) [Refer Note (a)(i) below]	A/C	0.40	0.24	2.62	(4.11)	(8.00)
Diluted earnings per share (₹) [Refer Note (a)(ii) below]	A/D	0.40	0.24	2.62	(4.11)	(8.00)
Return on net worth [Refer Note (a)(iii) below]	A/B	2%	1%	15%	-22%	-32%
Earnings before interest,tax,depreciation and amortisation (EBITDA) (Rs in Mn) [Refer Note (b) below]		99.14	73.65	740.57	(84.70)	(185.85)
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	34.47	29.59	33.77	29.18	36.36
Net profit , as restated, attributable to equity shareholders (Rs in Mn)	A	31.28	18.51	204.74	(320.36)	(623.84)
Net worth at the end of the period/years (Rs in Mn)	B	1,536.75	1,319.24	1,505.47	1,300.73	1,621.09
Weighted average number of equity shares outstanding during the period/years, used for Basic earnings per share (Nos In Mn)	C	78.01	78.01	78.01	78.01	78.01
Weighted average number of equity shares outstanding during the period/years, used for Diluted earnings per share (Nos In Mn)	D	78.01	78.01	78.01	78.01	78.01
Face value per share [Refer Note (c) below] ((₹))		10.00	10.00	10.00	10.00	10.00
Total number of shares outstanding at the end of the period/years (Nos In Mn)	E	44.58	44.58	44.58	44.58	44.58

Notes:

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹) = $\frac{\text{Net Profit, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/years}}$

(ii) Diluted earnings per share (₹) = $\frac{\text{Net Profit , as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/years}}$

(iii) Return on net worth (%) = $\frac{\text{Net Profit , as restated, attributable to equity shareholders *100}}{\text{Average Net worth at the end of the period/years}}$

(iv) Net asset value per equity share (₹) = $\frac{\text{Net worth at the end of the period/years}}{\text{Total number of equity shares outstanding at the end of period/years}}$

(Currency : Indian Rupees in millions)

Notes forming part of the Restated Summary Statement of Assets and Liabilities

18 Additional Disclosure

(b) Earnings before interest, tax, depreciation and amortisation (EBITDA) has been arrived at by adding back depreciation and tax expense to the Net Profit appearing in Annexure II - restated summary statement of Profit and Loss.

The following table sets forth a reconciliation of Bank's EBITDA to profit for the period/years:

Particulars	**As at 30 June 2021**	**As at 30 June 2020**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
Net profit , as restated, attributable to equity shareholders	**31.28**	**18.51**	**204.74**	**(320.36)**	**(332.20)**
Add:					
Depreciation on Bank's Property	67.86	55.13	535.83	235.66	146.35
Current Tax (included in Provisions and Contingencies)	0.00	0.00	0.00	0.00	0.00
Deferred Tax (included in Provisions and Contingencies)	0.00	0.00	0.00	0.00	0.00
EBITDA	**99.14**	**73.65**	**740.57**	**(84.70)**	**(185.85)**

(c) Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” (“AS 20”) as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

(d) “Net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve,Employee stock option and purchase outstanding, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any).

Fino Payments Bank Limited

(Formerly known as Fino Fintech Limited)

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

1. **Capital adequacy**

Capital adequacy ratio as per the Guidelines and as per Basel II Standardized Approach for Credit Risk, as at 30 June 2021 , 30 June 2020 , 31 March 2021, 31 March, 2020, 31 March, 2019, is given below:

Particulars	**As at 30 June, 2021**	**As at 30 June, 2020**
(i) Common Equity Tier 1 (CET) capital ratio (%)	54.84%	41.94%
(ii) Tier I capital ratio (%)	54.84%	41.94%
(iii) Tier II capital ratio (%)	-	-
(iv) Total capital ratio (CRAR) (%)	54.84%	41.94%
(v) Percentage of the shareholding of the Government of India in Public Sector banks	-	-
(vi) Amount of Equity capital raised	-	-
(vii) Amount of Additional Tier 1 capital raised	-	-
(viii) Amount of Tier 2 capital raised	-	-

Particulars	**As at 31 March, 2021**	**As at 31 March, 2020**	**As at 31 March, 2019**
(i) Common Equity Tier 1 (CET) capital ratio (%)	56.25%	60.87%	65.45%
(ii) Tier I capital ratio (%)	56.25%	60.87%	65.45%
(iii) Tier II capital ratio (%)	-	-	-
(iv) Total capital ratio (CRAR) (%)	56.25%	60.87%	65.45%
(v) Percentage of the shareholding of the Government of India in Public Sector banks	-	-	-
(vi) Amount of Equity capital raised	-	-	-
(vii) Amount of Additional Tier 1 capital raised	-	-	-
(viii) Amount of Tier 2 capital raised	-	-	-

As per the notification no. DBR.NBD.No.4503/16.13.218/2017-18 dated 08 November 2017, PBs are exempted from maintaining capital for market risk and operational risk.

During the period/year ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020 and 31 March 2019 the bank has not raised any capital.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

2. Investments

2.1 Movement of investments :

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
(1) Value of investments		
(i) Gross value of investments		
(a) In India	5,578.25	2,436.65
(b) Outside India	-	-
(ii) Provisions for depreciation(including provision for NPI)		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments		
(a) In India	5,578.25	2,436.65
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	-	-
(iv) Closing balance	-	-

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
(1) Value of investments			
(i) Gross value of investments			
(a) In India	5,035.58	1,282.70	732.03
(b) Outside India	-	-	-
(ii) Provisions for depreciation(including provision for NPI)			
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of investments			
(a) In India	5035.58	1,282.70	732.03
(b) Outside India	-	-	-
(2) Movement of provisions held towards depreciation of investments (including provision for NPIs)			
(i) Opening balance	-	-	-
(ii) Add: Provisions made during the year	-	-	-
(iii) Less: Write-off / write back of excess / provisions (including provision for NPIs) during the year	-	-	-
(iv) Closing balance	-	-	-

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

2.1 Repo / reverse repo transactions:

The Bank has undertaken Market Repo (CROMS) transactions during the period/year ended 30 June 2021, 30 June 2020, 31 March, 2021 and 31 March, 2020. The face value of securities sold and purchased under repo and reverse repo are as under. The Bank has not undertaken any repo/reverse repo transactions during the period /year ended 31 March, 2019.

(Rs. Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 30 June, 2021
Securities sold under repo i.Government securities ii.Corporate debt securities	205.80	1,386.90	936.95	1,386.90
Securities purchased under reverse repo i. Government securities ii.Corporate debt securities	56.35	428.00	183.57	-

(Rs. Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 30 June 2020
Securities sold under repo i.Government securities ii.Corporate debt securities	202.30	800.60	388.33	-
Securities purchased under reverse repo i. Government securities ii.Corporate debt securities	-	-	-	-

(Rs. Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March, 2021
Securities sold under repo i.Government securities ii.Corporate debt securities	100.60	1412.90	580.46	1,080.20
Securities purchased under reverse repo i. Government securities ii.Corporate debt securities	10.00	450.00	80.00	-

(Rs. Million)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March, 2020
Securities sold under repo i.Government securities ii.Corporate debt securities	50.10	50.10	50.10	-
Securities purchased under reverse repo i. Government securities ii.Corporate debt securities	-	-	-	-

2.2 Non SLR investment portfolio:

The Bank does not hold any investment in non SLR securities as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020 and 31 March 2019. Accordingly, the disclosure requirements with respect to non SLR investment portfolio are not applicable.

2.3 Sale and transfer to / from HTM category:

As per the Operating guidelines, PBs are not permitted to classify any investment, other than those made out of their own funds, as HTM category. Further the investments made out of their own funds shall not, in any case be, in assets or investments in respect of which the promoter / a promoter group entity is a direct or indirect obligor.

The Bank has not classified any investment under HTM category as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020 and 31 March 2019. The entire investment portfolio of the Bank is classified under AFS Category.

Accordingly, the disclosure requirements with respect to sale and transfer to / from HTM category are not applicable.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

3. Derivative contracts

The Bank has not undertaken any derivative transactions during the period/year ended 30 June 2021, 30 June 2020 31 March 2021, 31 March, 2020 and 31 March, 2019. Accordingly, the disclosure requirements with respect to derivative contracts are not applicable.

4. Asset quality

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans. In accordance with the Operating guidelines, the Bank had classified employee loan as advances, the details of which are given below:

(Rs. Million)

As at 30 June, 2021	As at 30 June 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
0.63	0.66	1.32	1.02	0.80

The Bank follows the process of recovering monthly installments due from respective employees while processing monthly salary.

Accordingly, the disclosure requirements with respect to Asset quality are not applicable.

5. Business ratios

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
(i) Interest income as % to Working funds[1]	0.84%	1.08%	3.98%	5.16%	5.39%
(ii) Non-interest income as % to Working funds	27.87%	35.78%	151.61%	191.77%	99.09%
(iii) Operating profit[2] as % to Working funds	0.44%	0.48%	4.82%	(8.83%)	(17.30%)
(iv) Return on assets (Working funds)	0.44%	0.45%	4.03%	(9.13%)	(17.56%)
(v) Business[3] (Deposit plus advance) per employee (Rs. in million)	0.92	0.48	0.89	0.40	0.19
(vi) Profit per employee[4] (Rs. in million)	0.01	0.01	0.07	(0.11)	(0.24)

1. Working funds to be reckoned as average of total assets (excluding accumulated losses, if any)
2. Operating profit is net profit for the period / year before provisions and contingencies.
3. Business is the total of net advances and deposits (net of inter-bank deposits).
4. Productivity ratios are based on average employee number.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

6. Maturity pattern of key assets and liabilities

(Rs.Million)

As at 30 June 2021						
Particulars	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	154.12	-	4,395.45	1,599.99	-	-
2 to 7 days	274.85	-	-	-	-	-
8 to 14 days	0.31	-	-	-	-	-
15 to 30 Days	275.46	-	570.73	-	-	-
31 Days to 2 months	26.96	-	94.13	-	-	-
Over 2 months to 3 months	-	-	-	0.65	-	-
Over 3 months to 6 months	127.16	-	22.61	512.20	-	-
Over 6 months to 1 year	-	0.63	16.41	-	-	-
Over 1 year to 3 years	1,653.66	-	478.92	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	**2,512.52**	**0.63**	**5,578.25**	**2,112.84**	**-**	**-**

(Rs. Million)

As at 30 June 2020						
Particulars	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	80.69	-	1,585.27	-	-	-
2 to 7 days	139.86	-	-	0.11	-	-
8 to 14 days	0.32	-	-	-	-	-
15 to 30 Days	140.50	-	484.28	-	-	-
31 Days to 2 months	14.78	-	26.22	241.92	-	-
Over 2 months to 3 months	-	-	11.57	0.11	-	-
Over 3 months to 6 months	65.90	-	12.09	405.85	-	-
Over 6 months to 1 year	-	0.66	15.53	355.25	-	-
Over 1 year to 3 years	843.97	-	301.69	1.94	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	**1,286.02**	**0.66**	**2,436.65**	**1,005.18**	**-**	**-**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

(Rs. Million)

As at 31 March 2021						
Particulars	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	149.29	-	3,872.73	-	-	-
2 to 7 days	265.49	-	-	1,300.00	-	-
8 to 14 days	0.33	-	-	-	-	-
15 to 30 Days	266.14	-	628.36	-	-	-
31 Days to 2 months	26.24	-	37.38	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	123.04	-	21.70	-	-	-
Over 6 months to 1 year	-	1.32	18.64	507.98	-	-
Over 1 year to 3 years	1,597.83	-	456.77	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	**2,428.36**	**1.32**	**5,035.58**	**1,807.98**	**-**	**-**

(Rs. Million)

As at 31 March, 2020						
Particulars	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	74.13	-	390.35	-	-	-
2 to 7 days	127.64	-	-	0.1	-	-
8 to 14 days	0.33	-	-	-	-	-
15 to 30 Days	128.30	-	419.12	-	-	-
31 Days to 2 months	13.72	-	104.67	0.11	-	-
Over 2 months to 3 months	-	-	-	0.11	-	-
Over 3 months to 6 months	60.41	-	11.39	398.57	-	-
Over 6 months to 1 year	-	1.02	21.48	707.08	-	-
Over 1 year to 3 years	770.76	-	335.69	2.29	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	**1,175.29**	**1.02**	**1,282.70**	**1,108.26**	**-**	**-**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

(Rs. Million)

As at 31 March, 2019						
Particulars	**Deposits**	**Advances**	**Investments**	**Borrowings**	**Foreign Currency Assets**	**Foreign Currency Liabilities**
1 day	5.09	-	150.51	-	-	-
2 to 7 days	30.56	-	-	0.10	-	-
8 to 14 days	35.65	-	-	-	-	-
15 to 30 Days	-	-	321.23	-	-	-
31 Days to 2 months	-	-	89.72	0.10	-	-
Over 2 months to 3 months	-	-	12.47	0.10	-	-
Over 3 months to 6 months	-	-	1.09	0.30	-	-
Over 6 months to 1 year	-	0.80	25.20	824.85	-	-
Over 1 year to 3 years	404.10	-	131.80	2.70	-	-
Over 3 years to 5 years	-	-	-	0.88	-	-
Over 5 years	-	-	-	-	-	-
Total	**475.40**	**0.80**	**732.02**	**829.03**	**-**	**-**

7. Exposures

7.1 Exposure to real estate sector:

The Bank does not have any exposure to real estate sector as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019. Accordingly, the disclosure requirements with respect to exposure to real estate sector are not applicable.

7.2 Capital market exposure:

The Bank does not have any exposure to capital market as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019. Accordingly, the disclosure requirements with respect to capital market exposure are not applicable.

7.3 Risk category wise country exposure:

The Bank's exposures are concentrated in India as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019. Accordingly, the disclosure requirements with respect to category wise country risk exposure are not applicable.

7.4 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the bank:

As per the Operating guidelines for PBs, PBs are not permitted to lend to any person, accordingly, the disclosure requirements with respect to SBL / GBL is not applicable.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

7.5 Unsecured advances:

As per the Operating guidelines for PBs, PBs are not permitted to lend to any person, accordingly, the disclosure requirements with respect to unsecured advances is not applicable.

8. Penalties levied by RBI:

No penalty was imposed on the Bank by RBI except during the previous year ended 31 March, 2019 whereby the RBI had imposed a monetary penalty of Rs 10 million. As per RBI's operating guidelines for Payments Banks the aggregate limit for customer in the bank account shall not exceed Rs 1 lakh. It was observed that a few bank accounts had deposits in excess of this stipulated amount. In view of this development, RBI vide its letter dated 08 May 2018 had directed the Bank restricting it from opening new customer accounts. Consequently, the RBI had imposed a monetary penalty of Rs 10 million for opening few accounts on 09 May 2018. The penalty amount was duly paid by the Bank. The Bank had provided confirmation on adherence to directions laid down by the RBI and taking note of the measures adopted by the Bank, the said restriction had been lifted by RBI vide letter dated 19 October 2018.

9. Employee benefits

Defined contribution plans:

The Bank makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. Employer's contribution recognized and charged off for the year to defined contribution plans are as under:

(Rs. Million)

Particulars	As at 30 June 2021	As at 30 June 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Provident fund	18.80	17.11	68.49	72.33	52.82

Defined benefit plans:

Gratuity

The Bank's gratuity benefit scheme is a defined benefit plan. The Bank's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation of the Bank's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The following table sets out the status of the Gratuity Plan as required under Accounting Standard 15.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Change in the present value of the defined benefit obligation.

(Rs. Million)

Particulars	As at 31 March , 2021	As at 31 March , 2020	As at 31 March, 2019
Opening defined benefit obligation as at 01 April	80.09	65.15	57.11
Current service cost	12.21	11.53	9.76
Interest cost	4.04	4.41	3.86
Actuarial (gains)/losses	1.90	7.03	1.07
Benefits paid	(8.77)	(8.03)	(6.65)
Past service cost	-	-	-
Transfer from/to group companies	-	-	-
Closing defined benefit obligation as on 31 March	**89.47**	**80.09**	**65.15**

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Opening defined benefit obligation as at 01 April	89.47	80.09
Current service cost	3.87	2.69
Interest cost	1.24	0.99
Actuarial (gains)/losses	(1.94)	2.17
Benefits paid	(1.36)	(3.64)
Past service cost	-	-
Transfer from/to group companies	-	-
Closing defined benefit obligation as on 30 June	**91.28**	**82.30**

Change in the plan assets

(Rs. Million)

Particulars	As at 31 March , 2021	As at 31 March , 2020	As at 31 March, 2019
Opening fair value of plan assets at 01 April	-	-	-
Expected return on plan assets	-	-	-
Employers contributions	-	-	-
Benefits paid	-	-	-
Actuarial gains/(losses) on plan assets	-	-	-
Closing fair value of plan assets as on 31 March	-	-	-

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Opening fair value of plan assets at 01 April	-	-
Expected return on plan assets	-	-
Employers contributions	-	-
Benefits paid	-	-
Actuarial gains/(losses) on plan assets	-	-
Closing fair value of plan assets as on 30 June	-	-

Reconciliation of present value of the obligations and fair value of the plan assets

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March , 2019
Present value of funded obligation	89.47	80.09	65.15
Fair value of plan assets		-	-
Surplus / (Deficit)	(89.47)	(80.09)	(65.15)
Net Asset / (Liability)	**(89.47)**	**(80.09)**	**(65.15)**

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Present value of funded obligation	91.28	82.30
Fair value of plan assets	-	-
Surplus / (Deficit)	(91.28)	(82.30)
Net Asset / (Liability)	**(91.28)**	**(82.30)**

Net cost recognized in the Statement of Profit and Loss

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March , 2019
Current service cost	12.21	11.53	9.76
Interest cost	4.04	4.41	3.86
Past service cost	-	-	-
Net actuarial (gains)/losses recognised during the year	1.90	7.03	1.07
Total cost of defined benefit plans included in schedule 16 payments to and provisions for employees	**18.15**	**22.97**	**14.69**

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Current service cost	3.87	2.69
Interest cost	1.24	0.99
Past service cost	-	-
Net actuarial (gains)/losses recognised during the year	(1.94)	2.17
Total cost of defined benefit plans included in schedule 16 payments to and provisions for employees	**3.17**	**5.85**

Reconciliation of opening and closing net liability/(asset) recognized in balance sheet

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Opening net liability as at 01 April	80.09	65.15	57.11
Expenses recognised in Statement of Profit and Loss	18.15	22.97	14.69
Employers contribution	(8.77)	(8.03)	(6.65)
Transfer from/to group companies	-	-	-
Net liability/(asset) recognised in balance sheet	**89.47**	**80.09**	**65.15**

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Opening net liability as at 01 April	89.47	80.09
Expenses recognised in Statement of Profit and Loss	3.17	5.85
Employers contribution	(1.36)	(3.64)
Transfer from/to group companies	-	-
Net liability/(asset) recognised in balance sheet	**91.28**	**82.30**

Key Actuarial Assumptions

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March , 2019
Discount rate	5.70%	5.05%	6.75%
Expected rate of return on plan asset	-	-	-
Salary escalation	6.80%	11.3% for the first two years and 8% thereafter	9.60%
Withdrawal rate	19.00%	42.00%	38.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14	100% of IALM 2006-08 Ultimate

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020
Discount rate	4.85%	5.20%
Expected rate of return on plan asset	-	-
Salary escalation	6.80%	6.80%
Withdrawal rate	30.00%	19.00%
Mortality rate	100% of IALM 2012-14	100% of IALM 2012-14

Experience Adjustment

(Rs. Million)

	As at 31 March, 2021	As at 31 March, 2020	As at 31 March , 2019
On Plan liabilities (gains) /losses	0.88	4.26	0.50
On Plan assets (losses)/gains	-	-	-

(Rs. Million)

	As at 30 June, 2021	As at 30 June, 2020
On Plan liabilities (gains) /losses	0.42	(4.04)
On Plan assets (losses)/gains	-	-

10. Unamortized Pension and Gratuity liabilities

As at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, the Bank does not have any unamortized Pension and Gratuity liability.

11. Segment reporting

Business segments

In terms of the AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated 18 April, 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July, 2015 and amendments thereto, the following business segments have been disclosed:

(Rs. Million)

As at 30 June, 2021					
Particulars	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Gross revenue	46.42	-	316.54	1,698.73	2,061.69
Unallocated revenue	-	-	-	-	0.74
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	**46.42**	**-**	**316.54**	**1,698.73**	**2,062.43**
Segment results	36.70	-	83.52	268.65	389.61
Unallocated expenses	-	-	-	-	358.33
Operating profit	-	-	-	-	31.28
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	-	-	-	-	**31.28**
As at 30 June 2021					
Segment assets	5,917.84	-	198.35	3,086.65	9,202.84
Unallocated assets	-	-	-	-	998.76
Total assets	**5917.84**	**-**	**198.35**	**3,086.65**	**10,201.60**
As at 30 June 2021					
Segment liabilities	1,600.02	-	2,654.17	3,439.89	7,694.08
Unallocated liabilities	-	-	-	-	970.77
Total liabilities	**1,600.02**	**-**	**2,654.17**	**3,439.89**	**8,664.85**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

(Rs.Million)

As at 30 June, 2020					
Particulars	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Gross revenue	17.95	-	208.63	1282.31	1508.89
Unallocated revenue	-	-	-	-	4.32
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	**17.95**	**-**	**208.63**	**1282.31**	**1513.21**
Segment results	17.17	-	29.71	249.06	300.26
Unallocated expenses	-	-	-	-	281.75
Operating profit	-	-	-	-	18.51
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	**-**	**-**	**-**	**-**	**18.51**
As at 30 June 2020					
Segment assets	3,104.90	-	243.72	4,317.04	7,665.66
Unallocated assets	-	-	-	-	666.50
Total assets	**3,104.90**	**-**	**243.72**	**4,317.04**	**8332.16**
As at 30 June 2020					
Segment liabilities	-	-	1,380.15	4,629.08	6,009.23
Unallocated liabilities	-	-	-	-	1,003.69
Total liabilities	**-**	**-**	**1,380.15**	**4,629.08**	**7,012.92**

(Rs. Million)

As at 31 March, 2021					
Particulars	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Gross revenue	100.78	-	1,250.41	6,555.59	7,906.78
Unallocated revenue	-	-	-	-	3.49
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	**100.78**	**-**	**1,250.41**	**6,555.59**	**7,910.27**
Segment results	83.80	-	359.27	1,339.86	1,786.42
Unallocated expenses	-	-	-	-	1,581.68
Operating profit	-	-	-	-	204.74
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	-	-	-	-	**204.74**
As at 31 March 2021					
Segment assets	5,854.88	-	173.99	3,191.05	9,219.92
Unallocated assets	-	-	-	-	882.99
Total assets	**5,854.88**	**-**	**173.99**	**3,191.05**	**10,102.91**
As at 31 March 2021					
Segment liabilities	1,300.03	-	2,594.66	3,833.88	7,728.57
Unallocated liabilities	-	-	-	-	868.87
Total liabilities	**1,300.03**	**-**	**2,594.66**	**3,833.89**	**8,597.44**

Fino Payments Bank Limited

(Formerly known as Fino Fintech Limited)

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

(Rs. Million)

As at 31 March, 2020					
Particulars	**Treasury**	**Corporate / Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Gross revenue	48.07	-	1,183.42	5,671.16	6,902.65
Unallocated revenue	-	-	-	-	11.32
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	**48.07**	**-**	**1,183.42**	**5,671.12**	**6,913.97**
Segment results	45.01	-	315.06	581.79	953.18
Unallocated expenses	-	-	-	-	1,273.54
Operating profit	-	-	-	-	(320.36)
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	**-**	**-**	**-**	**-**	**(320.36)**
As at 31 March 2020					
Segment assets	2,485.02	-	215.26	2,756.57	5,456.85
Unallocated assets	-	-	-	-	783.16
Total assets	**2,485.02**	**-**	**215.26**	**2,756.57**	**6,240.01**
As at 31 March 2020					
Segment liabilities	-	-	1,253.72	2,896.09	4,149.81
Unallocated liabilities	-	-	-	-	789.47
Total liabilities	**-**	**-**	**1,253.72**	**2,896.09**	**4,939.28**

(Rs. Million)

As at 31 March, 2019					
Particulars	**Treasury**	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Gross revenue	46.97	-	615.76	3,032.10	3,694.83
Unallocated revenue	-	-	-	-	16.38
Less: Intersegment revenue	-	-	-	-	-
Total Revenue	**46.97**	**-**	**615.76**	**3,032.10**	**3,711.21**
Segment results	42.06	-	210.60	584.96	854.00
Unallocated expenses	-	-	-	-	(1,477.84)
Operating profit	-	-	-	-	(623.84)
Income tax (including deferred tax)	-	-	-	-	-
Net profit/(loss)	**-**	**-**	**-**	**-**	(623.84)
As at 31 March 2019					
Segment assets	2,138.79	-	330.44	3,637.02	6,106.25
Unallocated assets	-	-	-	-	734.47
Total assets	**2,138.79**	**-**	**330.44**	**3,637.02**	**6,840.72**
As at 31 March 2019					
Segment liabilities	-	-	573.40	3,778.62	4,352.02
Unallocated liabilities	-	-	-	-	867.61
Total liabilities	**-**	**-**	**573.40**	**3,778.62**	**5,219.63**

Notes:

1. Other Banking Operations includes Business Correspondent services including insurance brokerage and service fees and commission, remittances.
2. Pursuant to the segment reporting requirement of the RBI numbers for the past periods are reported under the best allocable segment i.e Other Banking Operations.
3. Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.

Geographic segment:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has not reported any geographic segments.

12. Related Party Transactions

As per AS 18 "Related Party Disclosures", the Bank's related parties for the period/year ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020, and 31 March 2019 are disclosed below:

1. **Parent Entity**

   FINO PayTech Limited (Percentage of holding - 100%)

2. **Key Management Personnel ('KMP')**

   Mr. Rishi Gupta (Managing Director & Chief Executive Officer)

3. **Relatives of Key Management Personnel**

   a) Father - Nandkishore Gupta

   b) Sons - Prajwal Gupta and, Pranav Gupta

   c) Brother - Gautam Gupta

   d) Wife - Roli Gupta

4. **Fellow Subsidiaries**

   Fino Finance Private Limited

   Fino Financial Services Private Limited

   Fino Trusteeship Services Limited

The Bank's related party balances and transactions for the period/year ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019 are summarized as follows:

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Transactions	Name of Related Party	30-06-2021	30-06-2020	31-03-2021	31-03-2020	31-03-2019
Purchase of fixed assets	Fino PayTech Limited	-	-	-	-	42.49
Rendering of services	Fino PayTech Limited	6.00	3.49	22.67	24.72	-
	Fino Finance Private Limited	1.47	0.67	6.61	7.62	-
Reimbursement of expenses	Fino PayTech Limited	4.89	4.90	20.41	26.24	50.55
	Fino Finance Private Limited	4.51	5.39	28.79	55.79	79.25
Remuneration	Mr. Rishi Gupta	3.63	3.63	14.52	14.52	12.63
Balances payable as at	Fino PayTech Limited	-	-	-	-	-
	Fino Finance Private Limited	15.63	6.35	20.24	1.75	0.50
Balance receivable as at	Fino PayTech Limited	16.34	15.74	17.64	16.36	3.62
	Fino Finance Private Limited	-	-	-	-	-

Rendering of Services:

(a) We permit the use of our distribution network to Fino PayTech Limited for purposes of Fino PayTech Limited providing the Fleet card services to BPCL. In turn, Fino PayTech shares revenue with Fino Payments Bank, which is reflected in our commission, exchange and brokerage Income.

(b) Fino Payments Bank is providing cash management and collection services to Fino Finance Private Limited.

Reimbursement of Expenses:

(a) Fino PayTech allocates a portion of its office space for Fino Payments Bank so as to make seating arrangements for limited number of employees for smooth functioning of day to day operations of the Bank. The cost of shared office space is derived on the basis of number of seats being utilised by the bank.

(b) Fino Finance Private Limited shall make available some space in office premises in locations wherever available and required by Bank on need basis. If utilised, Bank shall pay Fino Finance Private Limited an amount towards use of office premises and overhead costs.

13. Deferred tax (AS-2)

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Deferred tax assets :					
Depreciation on fixed assets	111.82	(7.62)	109.92	18.61	3.90
Unabsorbed depreciation on fixed assets	150.41	166.46	150.41	136.12	89.29
Business loss	612.62	785.74	784.26	646.43	611.18
Employee benefits	27.19	26.21	28.33	22.91	20.44
Provision for doubtful debts	16.63	73.83	16.63	65.60	62.91
Total	**918.67**	**1,044.62**	**1,089.55**	**889.67**	**787.72**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Net deferred tax assets have not been recognized in respect of the aforesaid items, because it is not probable that future taxable profit will be available against which the Bank can use the benefits there from.

14. Provisions and contingencies

Break up of 'Provisions and contingencies shown under the head expenditure in Statement of Profit and Loss.

Rs. Million

Particulars	**As at 30 June, 2021**	**As at 30 June, 2020**
i) Provision made towards NPAs/write off/sacrifice for Restructured Advance/Debt relief as per RBI guidelines	-	-
a) For Advances	-	-
b) For Investments	-	-
c) For Leased Assets	-	-
ii) Provision towards Standard Advances	-	-
iii) Provision for depreciation on investments	-	-
iv) Provision / (Write back) for Credit card reward points	-	-
v) Provision for others	**-**	**1.24**
vi) Provision towards Income tax	-	-
vii) Provision towards deferred tax (net)	-	-

Particulars	**As at 31 March, 2021**	**As at 31 March, 2020**	**As at 31 March , 2019**
i) Provision made towards NPAs/write off/sacrifice for Restructured Advance/Debt relief as per RBI guidelines	-	-	-
a) For Advances	-	-	-
b) For Investments	-	-	-
c) For Leased Assets	-	-	-
ii) Provision towards Standard Advances	-	-	-
iii) Provision for depreciation on investments	-	-	-
iv) Provision / (Write back) for Credit card reward points	-	-	-
v) Provision for others	**40.22**	**10.33**	**9.35**
vi) Provision towards Income tax	-	-	-
vii) Provision towards deferred tax (net)	-	-	-

15. Drawdown from reserves

The Bank has not undertaken any drawdown from reserves during the year period/ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020, and 31 March, 2019.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

16. Disclosure of complaints / unimplemented awards of Banking Ombudsman

A. Summary information on complaints received by the bank from customers and from the OBOs :

	Particulars	June 20	June 21
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	480	204
2	Number of complaints received during the year	3,167	7,700
3	Number of complaints disposed during the year	3,071	7,444
	Of which, number of complaints rejected by the bank	1,323	3,717
4	Number of complaints pending at the end of the year	576	460
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	86	85
	Of 5, number of complaints resolved in favour of the bank by BOs	84	81
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	2	4
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

	Particulars	2018-19	2019-20	2020-21
	Complaints received by the bank from its customers			
1	Number of complaints pending at beginning of the year	281	254	480
2	Number of complaints received during the year	9,421	15,703	22,461
3	Number of complaints disposed during the year	9,448	15,477	22,737
	Of which, number of complaints rejected by the bank	2,983	5,712	12,633
4	Number of complaints pending at the end of the year	254	480	204
	Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	5	129	364
	Of 5, number of complaints resolved in favour of the bank by BOs	4	124	346
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	1	5	18
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-	-

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

B. Top five grounds of complaints received by the bank from customers :

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaint received over the previous year	Number of complaint pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
30-Jun-21					
Account opening/difficulty in operation of accounts	16	2,344	164%	157	24
Internet/Mobile/Electronic Banking	9	384	99%	57	-
ATM/Debit Cards	140	1641	65%	98	-
Cheques/drafts/bills	5	47	4%	3	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	-	-	-	-
Total	**170**	**4,416**	**332%**	**315**	**24**
30-Jun-20					
ATM/Debit Cards	84	575	-44%	94	-
Account opening/difficulty in operation of accounts	114	888	55%	64	-
Internet/Mobile/Electronic Banking	77	193	-29%	24	-
Cheques/drafts/bills	16	45	-17%	3	-
Levy of charges without prior notice/excessive charges/foreclosure charges	2	-	300%	-	-
Total	**293**	**1,701**	**265%**	**185**	**-**

Grounds of complaints, (i.e. complaints relating to)	No. of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaint received over the previous year	Number of complaint pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
2020-21					
Account opening/difficulty in operation of accounts	114	13,057	213%	37	5
Internet/Mobile/Electronic Banking	134	2,908	(7)%	11	0
ATM/Debit Cards	84	5,443	(19)%	140	0
Cheques/drafts/bills	16	230	(29)%	5	0
Levy of charges without prior notice/excessive charges/foreclosure charges	2	25	(70)%	0	0
Total	**350**	**21,663**	**88%**	**193**	**5**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Grounds of complaints, (i.e. complaints relating to)	**No. of complaints pending at the beginning of the year**	**Number of complaints received during the year**	**% increase/ decrease in the number of complaint received over the previous year**	**Number of complaint pending at the end of the year**	**Of 5, number of complaint s pending beyond 30 days**
1	2	3	4	5	6
2019-20					
ATM/Debit Cards	111	6,732	525%	84	1
Account opening/difficulty in operation of accounts	30	4,178	323%	114	68
Internet/Mobile/Electronic Banking	92	3,124	(27)%	134	11
Cheques/drafts/bills	0	326	117%	16	1
Levy of charges without prior notice/excessive charges/foreclosure charges	2	82	41%	2	4
Total	**235**	**14,442**	**979%**	**350**	**85**
2018-19					
ATM/Debit Cards	177	6607	87%	92	20
Account opening/difficulty in operation of accounts	40	1338	(11)%	111	14
Internet/Mobile/Electronic Banking	12	989	46%	30	7
Cheques/drafts/bills	0	190	273%	0	0
Levy of charges without prior notice/excessive charges/foreclosure charges	8	60	18%	2	1
Total	**60**	**2,577**	**325%**	**143**	**22**

17. Letter of comfort

Bank has not issued any letters of comfort during the period/year ending 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019.

18. Provisioning coverage ratio

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. Accordingly, the disclosure requirements with respect to Provisioning coverage ratio are not applicable.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

19. Insurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business.

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
i) Fee/ brokerage from Life insurance business	0.04	0.03	0.30	0.37	1.15
ii) Fee/ brokerage from General insurance business	1.14	2.16	9.25	9.13	20.78

20. Concentration of deposits, advances, exposures and NPAs

20.1 Concentration of deposits:

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Total deposits of twenty largest depositors	3.92	1.98	1.98	1.98	1.99
Percentage of Deposits of twenty largest depositors to Total deposits as at the period/year end	0.16%	0.15%	0.08%	0.17%	0.42%

20.2 Concentration of Advances:

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June, 2020	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Total advances of twenty largest borrowers	0.63	0.64	1.32	0.96	0.77
Percentage of borrowers of twenty largest borrowers to Total advances as at the period/year end	100%	97%	100%	94%	97%

20.3 Concentration of Exposures:

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. As at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, the Bank does not have any exposure and accordingly, the disclosure requirements with respect to Concentration of Exposures is not applicable.

20.4 Concentration of NPA's:

As per Operating Guidelines, PBs are not permitted to lend to any person including their directors. As at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Concentration of NPA's is not applicable.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

21. Sector wise Advances:

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. As at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, the Bank has not provided any advances, accordingly the disclosure requirements with respect to sector wise Advances is not applicable.

22. Movement of NPA's:

As per the Operating guidelines PBs are not permitted to lend to any person including their directors. As at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, the Bank does not have any NPA's and accordingly, the disclosure requirements with respect to Movement of NPA's is not applicable.

23. Overseas Assets, NPAs and Revenue:

The Bank does not hold any overseas assets / NPA as at 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, and no overseas operations were undertaken during the period/year ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019. Accordingly, the disclosure requirements with respect to Overseas Assets, NPAs and Revenue are not applicable.

24. Off Balance Sheet SPVs Sponsored:

There are no off balance sheet SPVs sponsored by the Bank, which needs to consolidated as per accounting norms. Accordingly, the disclosure requirements with respect to Off Balance Sheet SPVs Sponsored are not applicable.

25. Disclosure on Remuneration:

Qualitative Disclosure

A) Information relating to the composition and mandate of the Nomination & Remuneration Committee

Members of Nomination & Remuneration committee are:

1. Mr. Suresh Kumar Jain, Chairman of the Committee and Independent Director
2. Mr. Mahendra Kumar Chouhan, Member and Independent Director
3. Dr. Punita Kumar Sinha, Member and Independent Director
4. Mr. P. S.Ravi, Member and Nominee Director
5. Dr. Ganesh Natarajan, Independent Director, resigned w.e.f 25/06/2020

B) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

The Compensation Structure at the Bank's is divided into two parts Fixed and Variable.

The compensation is broadly been divided in components like Basic Salary, HRA, Provident Fund, Leave Travel Allowance, Special Allowance and Earning Potential (Variable Pay).

Depending on grade title/role/performance one or more components may be included or excluded from the salary structure.

Variable Pay: The Variable pay varies depending on employee's performance and is subject to change as per the Bank's performance and policies.

For variable payout the performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. (The weightages against these parameters will vary according to Department and the Band of the employee):

Employees eligible under sales incentives are excluded from earning potential process and are covered through the Sales Incentives Plans.

Statutory Bonus: Some Section of Employees are also paid statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time.

C) Description of the ways in which current and future risks are taken into account in the remuneration processes.

The Bank takes into account various types of risks in its remuneration processes. Along with keeping in mind the key parameters like Fixed and Variable pay the focus is also on ensuring a high performance culture, role clarity, meritocracy, clarity on performance expectation and a robust mechanism are necessary ingredients in building a productive and motivated team that is aligned to organizations vision

While considering the fixed pay for revision, the Bank conducts salary review process wherein revisions in compensation are based on performance and internal pay parity study up to an extent is taken in consideration to ensure that employees are competitively positioned in terms of fixed pay.

Cascading of goals from the Organizational level to individual levels, periodic monitoring of performance, frequent rewards, performance improvement plans, key talent programmes etc. ensure that the risk due to attrition is mitigated as much as possible.

To protect current and future risks; for Material Risk Takers, the deferred portion of compensation is subject to malus and clawback arrangements which dovetails into prudent risk taking and a futuristic approach to decision making by them.

D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank follow a Philosophy of Pay for Performance and Promote for Potential evaluation process for each Band.

The performance evaluation is determined through KPIs based approach. KPIs cascades from the organization's / department's goals. These are defined at the beginning of the financial year. These KPIs are a combination of following broad parameters (The weightages against these parameters will vary according to Department and the Band of the employee):

a) Financial b) Process c) Customer d) Capability

Earning potential will be paid basis the individual and Bank performance (performance bonus will vary band wise and on the performance of the Bank & the individual performance against set KPI)

E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme with the vesting period as recommended by RBI guidelines and incorporated in the Compensation Policy.

For those employees identified as Material Risk Takers, deferral arrangements will be a part of their variable compensation. For such employees, at least 60% of their total variable pay will be under deferral arrangements. The compensation of MRTs will also include a deferral of the cash variable as per the regulatory guidelines incorporated in the compensation Policy.

Such Variable Compensation will also be subject to Malus and Claw backs and will need employees to sign relevant declarations whenever necessary.

F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms

Employees of the Bank may be entitled to stock purchase / stock options scheme as per the bank's ESOP Scheme.

Cash bonus is a part of earning potential/Sales Incentive depending on employee's and Bank's performance basis the KPIs set across the organization and is subject to change as per the Bank's performance and policies.

Some Section of Employees are also eligible for statutory bonus as per the Payment of Bonus Act (1965) as amended from time to time

Quantitative Disclosure:

(The quantitative disclosure covers Whole Time Directors, Chief Executive Officer and Other Risk Takers)

S. No	Particulars	As at 31 June, 2021	As at 30 June 2020
1 (i)	Number of meetings held by the Nomination & Remuneration Committee during the financial period	**2**	**1**
1 (ii)	Remuneration paid to its members during the financial period (Rs. in million)	**0.45**	**0.30**
2 (i)	Number of employees having received a variable remuneration award during the financial period.	**Nil**	**Nil**
2 (ii)	Number and total amount of sign-on awards made during the financial period	**Nil**	**Nil**
2 (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus(Rs in million)	**Nil**	**Nil**
2 (iv)	Details of severance pay, in addition to accrued benefits, if any.	**Nil**	**Nil**
3 (i)	Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	**Nil**	**Nil**
3 (ii)	Total amount of deferred remuneration paid out in the period.	**Nil**	**Nil**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

4	Breakdown of amount of remuneration awards for the financial year:		
	Fixed	**14.52**	**14.52**
	Variable	-	-
	Deferred	-	-
	Non-deferred	-	-
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	**Nil**	**Nil**
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	**Nil**	**Nil**
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	**Nil**	**Nil**

S. No	Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
1 (i)	Number of meetings held by the Nomination & Remuneration Committee during the financial period	**4**	**4**	**4**
1 (ii)	Remuneration paid to its members during the financial period (Rs. in million)	**0.98**	**1.43**	**1.30**
2 (i)	Number of employees having received a variable remuneration award during the financial period.	**Nil**	**Nil**	**Nil**
2 (ii)	Number and total amount of sign-on awards made during the financial period	**Nil**	**Nil**	**Nil**
2 (iii)	Details of guaranteed bonus, if any, paid as joining / sign on bonus(Rs in million)	**Nil**	**Nil**	**Nil**
2 (iv)	Details of severance pay, in addition to accrued benefits, if any.	**Nil**	**Nil**	**Nil**
3 (i)	Total amount of outstanding deferred remuneration, split into cash, shares and sharelinked instruments and other forms.	**Nil**	**Nil**	**Nil**
3 (ii)	Total amount of deferred remuneration paid out in the period.	**Nil**	**Nil**	**Nil**
4	Breakdown of amount of remuneration awards for the financial year:			
	Fixed	**14.52**	**14.52**	**12.63**
	Variable	-	-	-
	Deferred	-	-	-
	Non-deferred	-	-	-
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	**Nil**	**Nil**	**Nil**
5(ii)	Total amount of reductions during the period due to ex- post explicit adjustments.	**Nil**	**Nil**	**Nil**
5(iii)	Total amount of reductions during the period due to ex- post implicit adjustments	**Nil**	**Nil**	**Nil**

26. Disclosures relating to securitization

As per the Operating guidelines PBs are not permitted to lend to any person including their directors and hence there are no loans with the Bank which can be securitized. Accordingly, the disclosure requirements with respect to securitization are not applicable.

27. Credit default swaps

As on 30 June 2021, 30 June 2020, 31 March 2021, 31 March, 2020, and 31 March, 2019, there is no credit default swap.

28. Intra-group exposures

The bank does not have any exposure (advances/ Investments) within the group.

29. Transfers to Depositor Education and Awareness Fund (DEAF)

During the period/year ended 30 June 2021, 30 June 2020, 31 March 2021, 31 March 2020, and 31 March, 2019, no amount has been transferred to Depositor Education and Awareness Fund.

30. Unhedged Foreign currency Exposure

The Bank does not have any foreign currency exposure as at 30 June 2021, 30 June 2020, 31March 2021, 31 March, 2020, and 31 March, 2019.

31. Details of provisioning pertaining to fraud accounts

(Rs. Million)

Particulars	**As at 30 June, 2021**	**As at 30 June 2020**	**As at 31 March, 2021**	**As at 31 March, 2020**	**As at 31 March, 2019**
Number of frauds reported	**106**	**6**	**42**	**72**	**29**
Amount involved in frauds	**2.44**	**1.18**	**5.18**	**18.31**	**9.27**
Provision, adjusted for recovery	**2.35**	**0.94**	**3.34**	**5.29**	**4.61**
Unamortized provision debited from 'other reserves'	-	-	-	-	-

32. Corporate Social Responsibility (CSR)

The Bank has met the applicability threshold of CSR as on June 30, 2021 as prescribed in section 135 of the Companies Act, 2013(Act). A CSR Committee has been formed by the Bank as per the Act. As per the provisions, such applicable company shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years. Since the Bank has incurred losses in preceding financial years, the Bank is not required to spend 2% of its average net profits of the immediately preceding three financial years on CSR activities as per the Act.

33. Factoring Business:

The Operating Guidelines defines the scope of activities for PBs. Factoring Business is not within the defined scope of the Operating Guidelines issued by RBI. The Bank has not engaged in Factoring Business.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

34. Contingent Liabilities

Description of nature of contingent liabilities is set out below:

i) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress.

ii) Liability for partly paid investments:

The Bank has made investment in Treasury Bills for maintaining the SLR requirement. Such Treasury Bills are fully paid and therefore the Bank does not have any liability for partly paid investments

iii) Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations:

The Bank does not have any liability by way of Guarantees given on behalf of Constituents, Acceptances, Endorsement and other obligations.

iv) Other Contingent items :

a) The contingent liabilities of the Bank amounts to Rs. 40.14 million

b) As a result of assessment proceedings under income tax act, there is an addition to taxable income on account of agent security deposit. Total demand raised by the department is Rs. 3.31 Mn and the Bank has paid Rs. 0.53 Mn under protest. The Bank has accordingly recorded contingent liability for these matters.

c) There are numerous interpretative issues relating to the Supreme Court (SC) judgment dated 28th February, 2019, relating to components/allowances paid that need to be taken into account while computing an employer's contribution of provident fund under the EPF Act. The Bank has recorded a contingent liability of Rs. 36.83 million with respect to these matters.

35. Fixed Assets:

The following table sets forth, for the periods indicated, the movement in software acquired by the Bank, as included in fixed assets:

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June 2020
At cost at the beginning of the year	327.77	290.47
Additions during the year	2.09	3.90
Deductions during the year	-	-
Accumulated depreciation	233.46	163.37
Net block	**96.40**	**131.00**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
At cost at the beginning of the year	290.47	270.67	217.15
Additions during the year	37.30	19.80	53.52
Deductions during the year	-	-	-
Accumulated depreciation	217.92	149.12	89.29
Net block	109.85	141.35	181.38

36. Micro and Small Industries:

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 02 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

37. Deposits :

As per the Operating Guidelines of PBs, can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 200,000 from 07th April 2021 by RBI as against the previous limit of Rs. 100,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the bank may collect from any of its service providers in the ordinary course of business.

The Bank has made sweep out arrangements with Suryoday Bank in order to ensure adherence to RBI guidelines.

38. Operational lease

The Bank has taken certain premises on operating lease. The agreements entered into provide for renewal and rent escalation. Particulars of future minimum lease payments in respect of the same are as mentioned below:

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June 2020
Not later than one year	71.69	112.24
Later than one year and not later than five years	228.52	250.22
Later than five years	53.23	94.07
Total	353.44	456.53
Lease payment recognized in Statement of Profit and Loss for the year*	27.32	29.73

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Not later than one year	78.83	109.25	113.10
Later than one year and not later than five years	192.11	263.21	185.98
Later than five years	103.95	103.95	1.08
Total	374.89	476.41	300.16
Lease payment recognized in Statement of Profit and Loss for the year*	111.26	139.30	133.75

*Expenses incurred on operating lease is accounted in the year in which expenses is incurred by the Bank.

39. Issue of Bonus shares by the Bank :

The Board of Directors of the Bank had approved the issuance of Bonus Shares at its meeting held on March 23, 2021 in the proportion of 0.75: 1 (i.e point seventy five new equity share of Rs. 10/- each for every equity share of Rs. 10/-each) by capitalizing an amount of Rs. 334,349,990 standing to the credit of the securities premium amount.

Subsequent to the financial year ended March 31, 2021, the Shareholders of the Company at their Extra-ordinary General Meeting held on July 22, 2021 approved the issuance of 33,434,999 bonus equity shares of face value of Rs. 10/- each in ratio of 0.75:1 (i.e point seventy-five new equity share of Rs. 10/- each for every 1 equity share of Rs. 10/-each) to the existing Members.

Further, the Committee of Directors (Operations) at its Meeting held on July 22, 2021 has approved the allotment of 33,434,999 Bonus Equity Shares of face value of Rs. 10/- each in ratio of 0.75:1 (i.e point seventy-five new equity share of Rs. 10/- each for every 1 equity share of Rs. 10/-each) to the existing Members. Subsequent to allotment of Bonus shares, the total Issued and paid-up capital of the Bank has increased to Rs.780, 149,960 comprising of 78,014,996 equity shares of face value of Rs. 10/- each.

As required by Accounting Standard 20 ("AS-20"): Earnings per Share, in the event of Bonus issue by a company, the basic and diluted EPS should be calculated after taking into consideration the bonus shares issued, for all the reporting periods presented subsequent to the Bonus issue. Accordingly, as required by AS-20 both basic and diluted EPS for all the reporting periods have been calculated after taking into consideration the bonus shares allotted subsequent to the year end.

Computation of Basic and diluted EPS subsequent to issue of Bonus shares:

(Rs. Million)

Particulars	As at 30 June, 2021	As at 30 June 2020
Basic and diluted earnings per share		
Net profit after tax available for equity shareholders (Rs. Mn)	31.28	18.51
Total Weighted average Shares	7,80,14,996	7,80,14,996
Basic earnings per share (F.V. Rs. 10 each)	**0.40**	**0.24**
Diluted		
Net Profit after tax available for equity shareholders (Rs. Mn)	31.28	18.50
Total Weighted average Shares	7,80,14,996	7,80,14,996
Diluted Earnings Per share (F.V. Rs. 10 each)	**0.40**	**0.24**

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

(Rs. Million)

Particulars	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2019
Basic and diluted earnings per share			
Net profit after tax available for equity shareholders (Rs. Mn)	204.74	(320.36)	(623.84)
Total Weighted average Shares	7,80,14,996	7,80,14,996	7,80,14,996
Basic earnings per share (F.V. Rs. 10 each)	**2.62**	**(4.11)**	**(8.00)**
Diluted			
Net Profit after tax available for equity shareholders (Rs. Mn)	204.74	(320.36)	(623.84)
Total Weighted average Shares	7,80,14,996	7,80,14,996	7,80,14,996
Diluted Earnings Per share (F.V. Rs. 10 each)	**2.62**	**(4.11)**	**(8.00)**

40. Liquidity Coverage Ratio (LCR)

The provisions of Liquidity Coverage Ratio (LCR), as per the circular on Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards dated June 9, 2014 and as amended from time to time, are not applicable to the Payments Banks and hence no disclosures have been provided.

41. Direct Tax Matters

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

42. COVID-19

In assessing the recoverability of receivables including trade receivables and investments, the bank has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts and based on current indicators of future economic conditions, the bank expects to recover the carrying amount of these assets. As far as product lines are concerned including M-ATM, AePS & BC Banking which witnessed muted business initially, saw a revival with surge in banking transactions for utilization of the subsistence allowance credited into customer's account by government. With banking services coming under essential services, Bank's vast network of merchants across country offering diverse product and services meeting the needs of customers supported growth despite lockdown challenges . Launch of several product variants in last two years has strengthened the Bank's portfolio of offerings and upgrade of technology to meet a COVID like situation has strengthened operating efficiency through merchant network. However, the extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain and the Bank will continue to closely monitor any material changes to future economic conditions.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

43. **RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020** (wherein the banks would be granting a moratorium of three months on the payment of all instalments and / or interest , as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard , even if overdue, as on February 29, 2020) are not applicable to the Bank since Payment Banks are not allowed to grant loans and advances.

44. **ESOP :** The Board of Directors at its Meeting held on November 11, 2020 had subject to the approval of Shareholders and pursuant to the recommendation of Nomination and Remuneration Committee, approved the "Fino Payments Bank Limited - Employees Stock Option Policy, 2020" (Scheme). The scheme aims to reward employees for their performance and bring in the required impetus to futuristic decision making and risk taking ability for the long term vision of the firm. The scheme also aims to bring in adherence to the RBI Guidelines on Compensation dated November 4, 2019.

45. **Inclusion of "Fino Payments Bank Limited" in the Second Schedule of the Reserve Bank of India Act, 1934**

The Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.NBD.No.2138/16.03.005/2020-21 dated January 01, 2021 and published in the Gazette of India (Part III - Section 4) dated February 13 - February 19, 2021.

46. **Other Expenditure :**

The following table sets forth, for the periods indicated, the details of Other Expenditure:

(Rs. Million)

Nature of Expenses	**30.06.2021**	**30.06.2020**	**31.03.2021**	**31.03.2020**	**31.03.2019**
Business Correspondents & Merchant Commission	1,195.36	825.65	4,333.42	4,075.68	1,611.11
NPCI Switching Fees & Interchange Expenses	85.51	39.48	304.46	304.80	146.57
Consultancy Charges	73.69	65.03	262.81	203.24	215.89
Membership & Subscription Charges	27.86	4.74	26.74	17.43	11.38
Staff Welfare Expenses	17.94	11.57	75.06	85.03	104.71
Bank charges	10.65	1.18	15.91	30.32	31.64
Branch & Guesthouse Expenses	3.27	2.16	13.01	18.47	24.62
Welcome Letters, Debit cards & Debit cards Personalisation	1.84	10.00	109.87	55.33	13.02
Other office & Miscellaneous Expenses *	35.49	82.83	255.04	367.60	195.78
Grand Total	**1,451.60**	**1,042.64**	**5,396.31**	**5,157.90**	**2,354.73**

*Includes UIDAI EKYC Authentication Charges, Cash back expenses , Housekeeping & Security charges, Training, Website designing , CCIL Charges, NEFT Clearing charges and RTGS Membership fees among others.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

47. Qualitative and Quantitative Analysis of Market Risk

Managing risk effectively is fundamental to the way we manage our business. We seek to make sensible and balanced business decisions through our risk appetite and within the corporate governance frameworks. Bank is exposed to significant Operational risk e.g. Risks arising due to use of technology, introduction of existing / new products, services, processes, channels like CBS, Mobile, Internet Banking, etc. considering its nature of operations. Bank's Operational Risk Management Policy provides framework for identifying the risks that the Bank is exposed to, measuring their magnitude, managing them, monitoring them, mitigating them using a variety of processes, procedures, assigning clear accountability and responsibility for management and mitigation of Operational Risk.

In addition, Bank has established a risk management framework underpinned by a comprehensive suite of policies, operational processes, procedures and governance structures and supported by a number of systems to enable us to conduct business in accordance with applicable laws, rules, regulations and guidance.

Our Board of Directors has overall responsibility for the establishment and oversight of Bank's risk management framework in line with the regulatory guidelines RBI, the regulator, as part of the operating guidelines for payments banks, have mandated payments Bank to implement the operational risk management requirements, issued by RBI for scheduled commercial banks for operational risk.

Market Risk

The Bank manages its Market Risk arising from the Bank's Trading Book and Investment portion of the Banking Book. Funding liquidity risk and the interest rate risk arising on account of banking book investments are managed by ALM team in accordance with Bank's ALM Policy, Investment Policy and Market Risk Policy, which are board-approved and are in line with RBI guidelines.

To ensure that the Bank's operations are in line with Management expectations of return vis-à-vis market risk, the Bank has a defined set of principles and processes in place for articulating how it plans to manage the market risks it faces, in its Trading or Banking Book. As part of the process, Bank identifies, quantifies, sets up limits and triggers, for risk monitoring and its reporting as per the defined process & regulatory requirements. For the purpose, Bank adheres to three tier set-up, i.e. front office, back-office and mid-office as far as management of market risk is concerned.

Liquidity Risk

The liquidity risk/management within the Bank ensures that adequate liquidity is maintained without compromising on interest earning and without locking of funds idle in the system. In recognition of the need, the Bank has aligned its liquidity risk management with the "Principles for Sound Liquidity Risk Management and Supervision" by Basel Committee on Banking Supervision (BCBS). The broad principles for sound liquidity risk management as envisaged by BCBS, applicability thereof & the existing mechanism in place within the Bank, are evaluated/implemented/monitored as part of Bank's Board-approved ALM Policy and periodically reviewed by ALCO.

Interest Rate Risk

Interest rate risk is the risk of change in value of assets lying in the trading book due to changes in interest rates including yield curve risks, spread risks, migration risks and basis risk. The Bank is exposed to interest rate risk on account of its investment in government securities in the form of treasury bills, for the time being, as part of its proprietary investment, regulatory (statutory liquidity ratio [SLR] & demand deposit balances [DDB]). Such investments in the current scenario don't carry any interest risk as Bank continues to hold them till maturity. In addition, Bank also keeps on investing fixed deposits with Scheduled Commercial Banks as part of its proprietary funds and also part of DDB wherein as well these are pre-fixed/ agreed rate of interest and such deposits are also being held till their maturity. Bank as such is not carrying interest rate risk as far as existing investments are concerned however renewal thereof always remains subject to interest rate risk.

Operational Risk

Bank, being a Payment Bank, is exposed to significant operational risk, e.g. risks arising due to use of technology, introduction of new products/services, processes, channels like mobile, internet banking, etc. considering its nature of operations. Bank's Operational Risk Management Policy document provides guidance on operational risk management issues and serves as a one-point reference besides creating awareness among the rank and file of the Bank. It spells out the minimum that shall be expected of the operational risk team in the Bank. This Policy sets out the broad parameters for identification of various operational risk, that the Bank is exposed to, on an on-going basis and also to put in place systems and procedures to mitigate these risks.

An Operational Risk Event is defined by the Bank as an incident / experience that has caused or has the potential to cause material loss to the Bank either directly or indirectly with other incidents which may be associated with people, process and technology involved with the product. Bank keeps on collating and analyzing the internal and external loss events and maintains inventory thereof besides evaluating the efficacy/sufficiency of existing checks and balances around the activities/processes wherein Bank had suffered losses. Bank works on the Principal What Went Wrong and Which systems/checks and controls those were non-existent and now requires to be put in place as part of its analysis of loss events. All loss events are being collated/analysed by carrying out root-cause analysis and placed before the Operational Risk Management Committee in general and Fraud Risk Management Committee (losses emanating due to internal/external frauds) in particular.

The Bank has also put in place Operational Risk Appetite indicator, i.e. operational risk losses as a percentage of total income - 2%, which is being monitored at quarterly intervals, through Operational Risk Management Committee (ORMC).

Bank works on the approach to map its insurance coverage to the exposures in its operational risk profile and ensures that the process is appropriate to its legal and regulatory requirements. The philosophy around insurance requirements works on expert judgement and / or past experience to assess the performance of the insurance in the event of an operational risk loss. The claims/follow up is being ensured by the Teams within the Bank to ensure that exceptional losses, as per coverage/terms of the insurance policies, are settled by the insurance company within a reasonable time frame.

We also outsource certain functions / activities to third-parties, subject to compliance with RBI guidelines, and as a result we are exposed to the risk that such external parties may suffer a weakness or failure of internal control systems leading to an inability to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such external parties) business continuity and data security and storage systems prove not to be sufficiently adequate.

Note 19- Notes forming part of the Restated Summary Statements

(Currency: Indian Rupees in Million)

Cash Management Risk

Bank through its own Branches/Customer Service Points directly deals with in and out movement of cash besides its storage on day to day basis. Cash is arising out of transactions from banking, cash management services, etc. The Cash management within the Bank is well defined in the form of processes and a separate board-approved policy, i.e. Cash Management Policy. The handling/safe-keeping/in and out movement of cash from merchants / within Bank / partner banks, accounting, monitoring, verification process is well-documented. Exceptions, if any, are being monitored regularly and placed before the Operational Risk Management Committee. The cash maintenance & movement is also subject to approved insurance policy(ies) which are being invoked in case of loss.

Reputational risk

Incidents relating to reputational risk, if any, are being handled as part of Bank's operational risk management framework.

48. Comparative figures

Figures of the previous period / year have been re-grouped to conform to the current period's / year's presentation.

As per our report of even date attached

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

For and on behalf of the Board of Directors

Fino Payments Bank Limited
(formerly known as Fino Fintech Limited)

Padmashree Crasto
Partner
Membership No: 117156

M K Chouhan
Non-executive Chairman &
Independent Director
DIN : 00187253

Deena Mehta
Independent Director
DIN : 00168992

Rishi Gupta
Managing Director &
Chief Executive Officer

Ketan Merchant
Chief Financial Officer

Basavraj Loni
Company Secretary &
AVP – Legal
M.No : A23095

Place : Mumbai
Date :

Place : Navi Mumbai
Date :

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As of and for the period ended June 30, 2021*	As of and for the year ended June 30, 2020*	As of and for the year ended March 31, 2021	As of and for the year ended March 31, 2020	As of and for the year ended March 31, 2019
Basic earnings per share (₹)	0.40	0.24	2.62	(4.11)	(8.00)
Diluted earnings per share (₹)	0.40	0.24	2.62	(4.11)	(8.00)
Return on net worth (%)	2.1%	1.4%	14.6%	(21.9%)	(32.3%)
Net asset value per share (₹)	19.70	16.91	19.30	16.67	20.78
EBITDA	111.86	92.68	791.54	(13.82)	(398.39)

* EPS & Return on Net Worth not annualized

Notes: *The ratios have been computed as under:*

1. *Basic and diluted EPS:*
Basic Earnings per Share and Diluted Earnings per Share calculations are done in accordance with the notified Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 as per Restated Financial Information, as follows:

$$\text{Basic Earnings per Share} = \frac{\text{Net Profit After Tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Diluted Earnings per Share} = \frac{\text{Net Profit After Tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year/period}}$$

2. *Return on net worth %:*

$$\text{Return on Net Worth} = \frac{\text{Net Profit, as restated, attributable to equity shareholders}}{\text{Average Net worth at the end of the period/years}}$$

3. *Net worth:*
"Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, Employee stock option and purchase outstanding, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any)

4. *Net assets value per share (in ₹):*

$$\text{Net asset value per equity shares} = \frac{\text{Net Worth at the end of the period/years}}{\text{Total number of Equity Shares outstanding at the end of the period/years}}$$

5. *EBIDTA:*
EBITDA represents Profit before tax after adding back finance costs and depreciation and amortization of the relevant year/period as per Restated Financial information

6. *Accounting and other ratios are derived from the Restated Financial Information*

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 18 'Related Party Disclosures' for the three months ended June 30, 2021, June 30, 2020 and Fiscal 2021, 2020 and 2019 and as reported in the Restated Financial Statements, see *"Financial Statements"* beginning on page 184.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion in conjunction with our Bank’s Restated Financial Statements as of and for the three months ended June 30, 2021 and 2020 and the Financial Years ended March 31, 2021, March 31, 2020 and March 31, 2019, including the related annexures.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12-month period ended March 31 of that year.

This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under “Forward-looking Statements” and “Risk Factors” on pages 19 and 20, respectively.

Unless otherwise indicated, industry and market data used in this section has been derived from the report “Digitalisation of Financial Services, Payments and Remittances Market in India” dated October 2021 (the “CRISIL Report”) prepared and released by CRISIL Limited and commissioned and paid for by us for the purposes of understanding the industry in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant financial year. For further details, see “Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Industry and Market Data” on page 16 .

Overview

We are a growing fintech company offering a diverse range of financial products and services that are primarily digital and have a payments focus. We offer such products and services to our target market via a pan-India distribution network and proprietary technologies, and since 2017, we have grown our operational presence to cover over 90% of districts as of September 30, 2021. We first became profitable in the fourth quarter of financial year 2020 and have been profitable in subsequent quarterly periods. In addition, in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021, our platform facilitated approximately 154.02 million, 318.56 million, 434.96 million and 123.38 million transactions, respectively and had gross transaction value of ₹456,847.97 million, ₹944,525.76 million, ₹1,329,306.90 million and ₹390,359.90 million, respectively.

We operate an asset light business model that principally relies on fee and commission based income generated from our merchant network and strategic commercial relationships. Each merchant serves the banking and financial needs of its community, which in turn forms the backbone of our assisted-digital ecosystem, referred to as our “phygital” delivery model (i.e., a combination of physical and digital).

Our products and services include various current accounts and savings accounts (“CASA”), issuance of debit card and related transactions, facilitating domestic remittances, open banking functionality (via our Application Programming Interface (“API”)), withdrawing and depositing cash (via micro-ATM or Aadhaar Enabled Payment System “AePS”) and cash management services (“CMS”). Our merchants also leverage the customer relationships within their respective communities to facilitate us cross-selling other financial products and services such as third party gold loans, insurance, bill payments and recharges. We also manage a large BC network on behalf of other banks. Income derived from all of our financial products and services in the financial years 2019, 2020 and 2021 and the three months ended June 30, 2021 was ₹3,519.69 million, ₹6,732.67 million, ₹7,707.72 million and ₹2,001.86 million, respectively. In addition, as a condition of our RBI License we are not permitted to directly provide credit products and thereby are not exposed to the credit risk associated with underwriting credit products.

The merchant’s use of technology and our use of analytics on the data that we capture enhances the merchant’s ability to cross sell the third party products that we also offer, to our existing customers, thereby increasing our potential revenue and opportunity to further customize our products and services offering. Such a merchant-led distribution model requires minimal capital expenditure cost from us because the on-boarding and setup capital expenditure costs are borne by the merchant, and accordingly, allows for operating leverage and efficient expansion in a timely manner. Through the “phygital” delivery model our merchants on-board customers and facilitate transactions, ensuring our network grows and our products and services are more accessible to a broader range of customers throughout India, giving us what we believe to be is a significant advantage compared to our competitors.

We are also the only payments bank to offer a subscription based savings account in India (source: CRISIL). We believe customer satisfaction, our brand and reputation have played an important role in us becoming an industry leader in fintech products and services, as well as to further developing our business and improving our market position. Additionally, by remaining focused on our payments business we are able to continue leveraging our deep market expertise which in turn helps us develop products and services that meet the needs of our target market. Our significant geographic coverage and position as a large-scale, leading technology-enabled company with a diverse banking product offering also provides economies of scale that yield significant operating efficiencies, supports future growth and also helps to diversify some of our risks, such as regional or geographical risks or concentration risks.

Our unique framework of distribution, technology and partnership (our “DTP” framework) enables us to serve our target market efficiently and is used to overcome and/ or achieve improvements on three key challenges associated with serving our target market, being scale, service and sustainability. Our DTP framework allows us to reach a vast number of customers in under-penetrated markets and keep our fixed costs low – all of which we believe supports the sustainability and scalability of our business model.

Our open banking API capability has also been an important element in the delivery of financial products and services to our customers.

Significant Factors Affecting Our Results of Operations

The following section describes number of important factors and trends that have had a material impact on our results of operations and financial condition during the periods discussed below and that we expect to have a material impact on our results of operations and financial condition going forward.

Macroeconomic Environment in India

All of our business activities are conducted in India, and the macroeconomic environment in India, particularly in respect of the unserved and underserved populations located in rural, semi-urban and urban areas in which we operate, has affected, and will continue to affect, our financial condition and results of operations. A favorable macroeconomic environment is generally characterized by, among other factors, high gross domestic product growth; transparent, liquid and efficient capital markets; low inflation; a high level of business and investor confidence; stable political and economic conditions; and strong business earnings. An unfavorable or uncertain macroeconomic condition is generally characterized by declines in economic growth, business activity or investor confidence; limitations on the availability of capital or increases in the cost of credit and capital; increases in inflation, interest rates, exchange rate volatility, default rates or the price of basic commodities, capital controls or limits on the remittance of dividends; or a combination of these or other factors.

Consumer confidence, unemployment and overall economic growth rates are among the main factors that often impact consumer behavior relating to saving and spending behavior, remittance services, as well demand for insurance and credit products.

Economic growth in India is influenced by, among other things, inflation, interest rates, foreign trade and capital flows. The level of inflation or depreciation of the Indian rupee may limit monetary easing or cause monetary tightening by the Reserve Bank of India ("RBI"). Any increase in inflation, due to increases in domestic food prices or global prices of commodities, including crude oil, the impact of currency depreciation on the prices of imported commodities and additional pass-through of higher fuel prices to consumers, or otherwise, may result in a tightening of monetary policy. While inflation rates in India have declined in recent years, a return to high rates of inflation with a resulting rise in interest rates, and any corresponding tightening of monetary policy may have an adverse effect on economic growth in India.

According to CRISIL, the Indian economy shrank approximately 7.3% in financial year 2021 on account of the COVID-19 pandemic. Further, CRISIL currently estimates that India's GDP growth rebounding in financial year 2022 from a weak base, as a result of counter-cyclical Union Budget for financial year 2022, a general improvement in global macroeconomic conditions, and a gradual increase in COVID-19 vaccinations. CRISIL further estimates that India's GDP to grow at 6.0-7.0% per annum between financial years 2023 and 2025, with such growth expected to be supported by a focus on investments rather than consumption, which is expected to enhance productive capacity of the economy; reform measures by the government and a more expansionary stance of monetary policy; and policies aimed towards greater formalization of the Indian economy.

While our results may not necessarily track India's economic growth figures, the Indian economy's performance affects the environment in which we operate. A prolonged period of slow economic growth or a significant deterioration in economic conditions or broader consumer trends would likely affect consumer savings and spending levels. A slowdown in economic growth in India could also result in lower demand for remittances, basic banking services, CMS and the demand for insurance and credit products. See "*Risk Factors—Political, economic or other factors that are beyond our control may have an adverse effect on our business, results of operations, financial condition and cash flows*" on page 41.

Government Regulations and Policies

Our results of operations and continued growth depend on stable government policies and regulation. The banking industry in India is subject to extensive regulation and oversight by governmental organizations and regulatory bodies such as the RBI. These regulations govern various aspects of our business including deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented, with an objective to provide tighter control and more transparency in India's banking sector. As a Payments Bank, we are required to comply with such rules and regulations (including the 'Guidelines for Licensing of Payments Banks' dated November 27, 2014 issued by the RBI ("Payments Bank Licensing Guidelines") and the 'Operating Guidelines for Payments Banks, issued by RBI on 6 October 2016 ("Payments Bank Operating Guidelines"), which affect our business, operations, cash flows, profitability and financial condition, for instance:

- we are required to maintain a minimum CRAR of 15% on a continuous basis, subject to any higher percentage as may be prescribed by the RBI from time to time, with Tier I capital to be maintained at a minimum of 7.5% of the CRARs and Tier II capital maintained at not more than 100% of the Tier I capital. Our CRAR was 65.5%, 60.9%, 56.3% and 54.8%, as of March 31, 2019, March 31, 2020, March 31 2021 and June 30, 2021, respectively;

- until March 26, 2021, we were required to maintain a CRR of 3.0% of our NDTL (from March 27, 2021 to May 21, 2021: 3.5% of our NDTL; and from May 22, 2021: 4.0% of our NDTL);

- we are required to invest a minimum of 75% of our "demand deposit balances" in Government securities/ Treasury Bills with maturity up to one year that are recognized by the RBI as eligible securities for the maintenance of our SLR;

- at least 25% of our total physical access points, including BCs, have to be located in unbanked rural centers ("URCs");

- we are not permitted to set up subsidiaries to undertake non-banking financial services activities, and the other financial and non-financial services activities of our Promoter, Fino PayTech Limited, must be kept distinctly ring-fenced and not commingled with our banking and financial services business; and

- the minimum CAR thresholds for Payments Banks are higher than the limits applicable to scheduled commercial banks.

In addition, uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming as well as costly for us to resolve. To ensure compliance with the regulatory framework applicable to Payments Banks, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. See "*Risk Factors – Payment Banks in India, including ours, are subject to stringent regulatory requirements and prudential norms and our inability to comply with such laws, regulations and norms may have an adverse effect on our business, results of operations, financial condition and cash flows.*" on page 23.

Fees, Commissions and Volume

The primary drivers of our revenue are the fees and commissions that we charge for our products and services, and the transaction volume achieved of such fees and commissions. We earn fees and commissions through sources such as:

(i) income from subscription charges for subscription CASA accounts and annual charges relating to debit cards;

(ii) renewal fees for subscription CASA accounts;

(iii) interchange fees in connection with the completion of individual transactions made through devices such as mobile phones, micro-ATM transactions and AePS transactions;

(iv) fees in connection with remittance services;

(v) annual account maintenance fees in connection with non-subscription CASA accounts;

(vi) service fees in connection with the distribution of our cards to the accountholders;

(vii) registration fees from business correspondents for providing banking services;

(viii) registration fees from merchants for conducting business as our representative in connection with for banking transactions and services;

(ix) commission for cash management services;

(x) agent registration fees relating to BCs and transaction income;

(xi) insurance broking fees based on the number of policies sold to customers on behalf of insurance companies;

(xii) service revenue from micro-ATM device servicing charges, transfer fees from EMD accounts and for CASA income, SMS charges, non-maintenance of balance charge, transaction charges; and

(xiii) third party financial products processing fees.

Fees and Commissions

The fees and commissions we charge our customers can depend upon a number of factors that are, in part, within our control, which can include our overall business strategy, our expenses related to a particular transaction type, the volume of transactions for a product or service (where the greater the number of expected transactions will typically result in us setting a smaller fee or commission, and vice versa), promotions that we may be running at any given time.

The fees and commissions we charge our customers are also dependent upon a number of external factors, which can include general macro-economic conditions, the market value of certain infrastructure, the supply or demand for a product and service, regulatory instructions (such as interchange fees imposed by the RBI and NPCI), changes in general banking activity and competitive factors with certain other fintech companies or within certain product/service lines.

Transaction Volume

Due to us charging our fees and commission primarily on per transaction basis, the volume of transactions that we record is a primary driver of our revenue. The volume of transactions depend upon a number of factors that are, in part, within our control, which can include the number of and availability of customer touch points (i.e., the number of merchants, mobile applications, branches, CSPs and BCs and strategic commercial relationships), the usability of our customer facing technology and the reliability and capacity of such technology to handle large volumes of transactions, our marketing efforts and customer care initiatives, and the extent to which our customer touch points represent our brand in a positive manner.

The volume of transactions also depend upon a number of external factors, which can include general macro-economic conditions, critical technology and power infrastructure, government initiatives regarding financial inclusion, digitization of transactions and payments in India, changes in general banking activity and competition.

Diversification of Product and Service Offering

We focus on customers in the unserved and underserved populations located in rural, semi-urban and urban areas of India and the diversification of our products and services, in particular by adopting and/or developing new technologies, is a key driver of our revenue, results of operations and future prospects. We intend to continue to diversify our product and service offerings to remain competitive. In July 2021, we launched our person-to-merchant (P2M) payments offering that operates through a QR code-based UPI solution. In August, 2021 we launched the Sampaan Current Account, the second current account in our suite of accounts offered to customers, and which has an annual subscription fee of ₹700, no minimum MAB, and offers a sweep account function and a issuance free debit card. A number of new product initiatives are expected to launch within the next 12 months, with the launch of each product remaining subject to the approvals of our internal Product Approval Committee and the RBI approval. See "Risk Factors – *We have and will continue to introduce new products and services and we cannot assure you that such products and services will be profitable now or in the future. Further, we may not be able to successfully diversify our product and services portfolio or enter into new lines of business, which may adversely affect our business prospects and future financial performance.*" on page 26.

Upon commencement in 2017, we offered products and services including CASA, domestic remittance, CMS and BC banking and since then, we have added variants and made improvements on the original offering and also added new products and services. Diversification has resulted in us capturing market share from our competitors because customers more readily see us as a one-stop-shop for their banking needs. We are also less dependent on a small number of products, mitigating concentration risk. In particular, we believe that our customers rarely only need or desire one financial product or service. Once we have acquired a new customer on the basis of one product or service, it is easier for them to begin using additional products and services, and so provided we are in a position to offer a diverse range, we will retain that customer for a greater portion of their banking needs.

For instance, during the COVID-19 pandemic, we were able to rely on our diverse product and service offerings. While we experienced a substantial reduction in throughput in some areas, our performance in others exceeded our expectations, which resulted in growth of our total income and profitability for financial year 2020 as compared to financial year 2019. We recorded high levels of transactions through our micro-ATM and AePS networks, which consequently led to an increase in our fee/commission income derived from offering such products. Also, an increase in the opening of CASA accounts was recorded. In contrast, we experienced a substantial decline in domestic remittance transactions, as migrant workers relocated from urban areas to hometown locations, leading to a decline in the need to remit money home. See "*Risk Factors – The COVID-19 pandemic has had and may continue to have certain adverse effects on our business, operations, cash flows and financial condition and the continuing impacts of COVID-19 are unpredictable and could be significant, and the extent to which it or the effect of outbreaks of any other severe communicable disease may continue to do so in the future, is uncertain and cannot be predicted.*" on page 20.

Scale of Operations

The scale of our operations impacts our results of operations. The scale and spread of our operations has grown since commencement in 2017, through a mix of merchant, branch, CSP and BC expansion, geographic expansion, and strategic commercial relationships which have increased brand awareness and provided us with exposure to more locations, touch points and customers. As mentioned above, our revenues are impacted by transaction volume and we can increase transaction volume by expanding our business.

For instance, we have an agreement with BPCL whereby we have created a digital banking and payment ecosystem around BPCL's pan-India network of approximately 18,600 fuel stations. The ecosystem includes CASA services, AePS transactions, debit card based transactions, bill payment, recharges, domestic remittances and certain third-party products such as insurance, hotel booking, bus and air ticket booking, e-commerce and cash management services. This relationship provides us access to BPCL's extensive network of fuel locations across India, which allows us to use each location as a BC banking outlet to market our products to BPCL's customer base.

Notwithstanding our diversification of products and services, a significant portion of our merchant distribution network is located in the states of Uttar Pradesh, Bihar and Madhya Pradesh. Accordingly, any adverse changes in the conditions affecting these regions can adversely affect our business, financial condition and results of operations. See "*Risk Factors – A significant portion of our merchant distribution network is located in the states of Uttar Pradesh, Bihar and Madhya Pradesh, and accordingly any adverse changes in the conditions affecting these regions can adversely affect our business, financial condition and results of operations.*" on page 26

Competition

We operate in a competitive environment, and we face competition across our product and service segments from other payments banks, certain fintech companies, micro finance institutions ("MFIs"), small finance banks ("SFBs"), as well as from scheduled commercial banks, public sector banks, private sector banks, non-banking financial companies ("NBFCs") and foreign banks with branches in the country. Our most direct competitors are currently other Payments Banks, being Airtel Payments Bank Ltd, India Post Payments Bank Ltd, Jio Payments Bank, NSDL Payments Bank and PayTM Payments Bank Ltd.

We also compete closely across product and service types with a wide range of entities. For instance, we compete closely with other BC operators in our domestic remittance, micro-ATM and AePS offerings as BC operators are the "last mile" service providers operating on behalf of other banks. In addition, for our CASA accounts, we compete closely with regional rural banks, public sector banks and SFBs; for our CMS, we compete closely with BC operators and dedicated CMS entities; and for our third party insurance sales we compete closely with insurance companies, brokers and corporate agents.

Competition in our business is based on diversity of product and service offering, location, fee and commission structure, relationships with merchants, BCs, customer types, strategic commercial relationships, product quality, customization and innovation.

In addition, certain of our Payments Bank competitors may have greater financial resources, technology, research and development capability, greater market penetration and operations in diversified geographies, which may allow them to better respond to market trends and capture market share. Accordingly, we may not be able to compete effectively with our competitors, which may have an adverse impact on our business, financial condition, results of operations and future prospects.

Labor costs and availability

Labor expense represents a significant portion of our operating expenses. Payments to and provisions for employees represented 29.3%, 17.1%, 14.9% and 16.4% of our total expenditure for the financial years 2019, 2020 and 2021 and three months ended June 30, 2021, respectively. Our overall number of employees as of June 30, 2021 (2,801) represented an increase of 4% from the number of employees as of March 31, 2021 (2,683), which in turn represented a decrease of 4.2% from the number of employees as of March 31, 2020 (2,802). Attracting and retaining skilled employees is, and is expected to continue to remain, an ongoing focus for us.

Impact of COVID-19 pandemic

On March 14, 2020, the India Government declared COVID-19 as a "notified disaster" and initiated a nation-wide lockdown beginning March 25, 2020 for three weeks which was extended to May 31, 2020. The lockdown was periodically extended to varying degrees by state governments and local administrations. In compliance with the lockdown orders announced by the Indian Government, as applicable to banks that were declared essential services, we temporarily closed operations at some of our branches and initiated remote working for some of our employees. Further, since the onset of COVID-19 in 2020, we have recorded positive cases within our business, including for some of our KMP.

A second wave of COVID-19 beginning in March 2021 has become more severe and widespread than the first wave during 2020, with many geographies experiencing shortages of vaccines, hospital beds and oxygen. By late April 2021, India became the first country to report over 400,000 new cases in a 24-hour period. This second wave has also resulted in additional lockdowns throughout India.

Many of our merchants, BCs, business counterparties and service providers temporarily have ceased their operations as a result of the lockdowns. However, from late 2020, up until the second wave beginning March 2021, lockdown related restrictions were relaxed or lifted completely, resulting in a gradual re-opening of the economy, and an improvement in our business and operations. Further, being classified as an 'essential services' led to increased adoption of digital channels for banking transactions across India during this time, and permitted us to be functional across our merchant network and branches. This resulted in some of our products and services to perform better than what we anticipated.

We observed the following positive impacts to our business and operations since the beginning of the COVID-19 pandemic:

- a surge in banking transactions as a result of government relief disbursements. We recorded high levels of transactions through our micro-ATM and AePS networks which consequently led to an increase in our fee/commission income derived from offering such products and also facilitated the opening of CASA accounts as more of the population wanted to gain access to the Indian Government's relief allowance. During the quarter ended September 30, 2020, we opened 297,774 new CASA accounts, which was a 20% increase over new CASA accounts opened during the quarter ended March 31, 2020;

- our BC Banking operations also received an impetus with increased transactions in the regions we operate driven by Indian Government's efforts to support the more vulnerable within the population through certain grants. Disbursement of these grants was through the banking system, using the AePS and micro-ATM facilities for the withdrawal element of the transaction. We were well positioned, despite the closure of branches, to benefit due to our BC network and distribution network of merchants;

- a relatively consistent cash flow within our target market as a result of us waiving of deposit charges during April 2020;

and, observed the following negative impacts to our business and operations:

- significant decline in domestic remittance transactions as migrant workers relocated from urban areas to hometown locations, leading to a decline in the need to transfer money home. Although our remittance transactions have largely recovered since the initial outbreak and lockdown, we currently remain approximately 34% below our typical domestic remittance throughput;

- our CMS operations temporarily decreased as a result of government moratoriums on lending and therefore reduced cash handling requirements, though as lockdowns eased this quickly returned to normal transaction levels; and

- the rapid shift to remote working created inherent operational, productivity, connectivity, and oversight challenges during the initial period of lockdown. We have since been able to successfully address and overcome such challenges.

In response to the COVID-19 pandemic, we initiated a business continuity process and quick response team comprising of senior persons from within our business. We also introduced a 24x7 helpline desk to track, monitor and assist employees with issues relating to COVID-19 and other related assistance. Where cases within the business were reported, we initiated tracking procedures, enforced restrictions on business travel and circulated advisory notices and instructions to all employees. As part of our employee benefit plan, benefit insurance cover was introduced amounting to ₹25,000/- to employees who tested positive.

In addition, the COVID-19 related sustenance allowance by the Indian Government created the need for opening of verified bank accounts by beneficiaries and simultaneous cash withdrawal facilities. Through subscription-based accounts and our network of merchants offering banking transaction services we facilitated 160,594 and 159,453 new accounts in March 2021 and June 2021, respectively (as compared to 72,399 and 83,320 new accounts in March 2020 and June 2020, respectively).

On September 1, 2020, the Indian Government permitted states to resume all activities and function normally, while continuing with restrictions only in certain containment zones and on January 16, 2021 began its vaccination distribution effort. However, with the second wave of COVID-19 currently spreading throughout India and lockdown being implemented periodically by varying degrees by state governments and local administrations, there remains significant uncertainty relating to the long-term adverse impact of the COVID-19 pandemic on the Indian economy, as well as the global economy and financial markets, and as a result we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in the "Risk Factors" section.

Statement of Significant Accounting Policies

Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ("GAAP"), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the RBI from time to time, Accounting Standards ("AS") specified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 to the extent applicable, in so far as they apply to banks and current practices prevailing within the banking industry in India.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. We believe that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

Significant Accounting Policies

Investments

Classification: In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into the following categories: Held for Trading ("HFT"), Available for Sale ("AFS") and Held to Maturity ("HTM") (collectively, the "Categories"). Subsequent shifting amongst the Categories, if done, is also done in accordance with these guidelines. HTM investments are made only out of own funds.

Under each of these categories, investments are further classified under six groups ("Groups"), being: Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

We follow settlement date accounting for recording purchase and sale of investments.

Basis of classification: Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category. Investments which we intend to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition cost: Broken period interest on debt instruments and government securities are considered as a revenue item under Statement of Profit and Loss as per RBI guidelines. The transaction costs including brokerage, commission etc. paid at the time of acquisition of investments is recognized in Statement of Profit and Loss.

Disposal of Investments:

a. Investments classified as HFT or AFS – Profit or loss on sale or redemption is recognized in the Statement of Profit and Loss.

b. Investment classified as HTM – Profit on sale or redemption of investment is recognized in the Statement of Profit and Loss and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale of redemption is recognized in the Statement of Profit and Loss.

Valuation: Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognized stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with Financial Benchmark India Pvt Ltd ("FBIL"), periodically.

The market value of unquoted government securities which qualify for determining the SLR, included in the AFS and HFT categories, is computed as per the Yield-to-Maturity ("YTM") rates published by FBIL. Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at Rs. 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund. Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost. Carrying cost includes the discount accreted for the holding period on a constant yield to maturity basis.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Statement of Profit and Loss. The net appreciation, if any, in any of the groups is not recognized except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortized over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortization of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. The provision are made for a diminution other than temporary, in the value of investments classified under HTM. Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the statement of profit and loss until received.

In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Advances

As per the Payments Bank Operating Guidelines, Payments Banks are not permitted to lend to any person including their directors. However, Payments Banks may lend to their own employees out of its own funds, as per a Board approved policy outlining the caps on such loans.

In accordance with the Payments Bank Operating Guidelines, we have classified employee loans as advances, as per the employee loan policy, duly approved by Board. Employees who are confirmed and have completed at least one year of service with us are entitled to avail loan. We follow the process of recovering monthly installments due from respective employees while processing monthly salary.

Deposits

As per the Payments Bank Operating Guidelines, Payments Banks can accept only savings and current deposits. The aggregate limit per customer shall not have exceeded ₹100,000 (applicable until end of financial year 2021), which has been increased to ₹200,000 beginning financial year 2022. Payments Banks are permitted for making arrangements with any other Scheduled Commercial Bank or SFB, for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

The above limit shall apply to customer deposits and not to any security / earnest money deposit the bank may collect from any of its service providers in the ordinary course of business.

Fixed assets and depreciation

Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are recognized in the Statement of Profit and Loss as incurred. Capital work in progress is valued at cost.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in Statement of Profit and Loss on the date of retirement or disposal.

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses if any.

Depreciation is charged over the estimated useful life of the fixed assets. Our management believes that the useful life of assets assessed by us, taking into account changes in the environment, changes to the technology, the utility and the efficacy of the asset in use, fairly reflects is estimate of useful life of the fixed assets. The estimated useful life of key fixed assets are given below

Class of asset	Useful life
Computers hardware	3 years
Motor car	5 years
Office equipment	5 years
Furniture and fixtures	10 years
Leasehold improvements	Over the period of lease
Computer software	5 years
Plant and machinery	5 years

All fixed assets are depreciated as per written down value method except for leasehold improvements, computer hardware, computer software and plant and machinery, which are being depreciated as per straight line method.

All fixed assets individually costing less than ₹5,000 are fully depreciated in the year of purchase.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognized in the statement of Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. Non –monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. The exchange differences, if any, are recognized in the Statement of Profit and Loss and related assets and liabilities are accordingly restated in the balance sheet.

Revenue recognition

(i) Interest income on deposits with banks and financial institutions is recognized on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.

(ii) Income on non-coupon bearing discounted instruments is recognized over the tenor of the instrument on a constant effective yield basis.

(iii) Transaction fee is recognized on the completion of individual transactions made through Point of Transaction ("POT") devices.

(iv) Disbursement fee includes remittance and service fees which are recognized based on the amount of disbursements / remittances / collections made through POT devices.

(v) Business correspondent fee is recognized on the allotment of POT devices to individual agents.

(vi) Account maintenance fees are recognized on the basis of number of accounts maintained.

(vii) Agent registration fee is recognized on receipt of non-refundable agent deposit.

(viii) Insurance broking income is recognized based on the numbers of policies sold to customers on behalf of insurance companies.

(ix) Service revenue is recognized on completion of provision of services. Revenue, net of discount is recognized on transfer of all significant risks and rewards to the customer and when no significant uncertainty exists regarding realization of consideration.

(x) Field support service is recognized on distribution of cards to the accountholders.

(xi) Third party financial products processing fees are recognized on an upfront basis.

(xii) Retail income including subscription charges and annual charges relating to debit cards issuance is recognized to the extent of balance available in the customer's account.

(xiii) All other fees are accounted for as and when they become due.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. The total lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term. A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease.

Taxation

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

Current tax: Provision for current tax is recognized based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

Deferred taxation: The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

Minimum Alternate Tax ('MAT'): 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 we 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.

Earnings per share

We report basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

Provisions, contingent liabilities and contingent assets

We create a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigations, assessment fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurs.

Provision for bad and doubtful debts

We create 100% provision against all receivables outstanding for more than 180 days or earlier where recovery is considered doubtful.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

Employee benefits

Post-employment benefits

Defined contribution plan: We make specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. Our contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

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

We recognize all actuarial gains and losses arising from defined benefit plans immediately in the statement of profit and loss. All expenses related to defined benefit plans are recognized in employee benefits expense in the statement of profit and loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in statement of profit and loss on a straight-line basis over the average period until the benefits become vested. We recognize gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

Compensated absences: Compensated absences balance 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 financial year.

Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

Share Issue Expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013 and post approval from RBI in accordance with RBI/2006- 07/132 DBOD.BP.BC No. 31 / 21.04.018/ 2006-07

Our Results of Operations

The following table sets forth select financial data from our restated summary statement of profit and loss for the three months ended June 30, 2021 and 2020, and the financial years 2021, 2020 and 2019, the components of which are also expressed as a percentage of total income for such periods:

Particulars	**Three months ended**				**Financial Year**					
	June 30, 2021		**June 30, 2020**		**2021**		**2020**		**2019**	
	(₹ in million)	***% of Total***	***(₹ in million)***	***% of Total***	***(₹ in million)***	***% of Total***	***(₹ in million)***	***% of Total***	***(₹ in million)***	***% of Total***
Income										
Other Income	2,001.86	97.0%	1,468.95	97.1%	7,707.72	97.4%	6,732.67	97.4%	3,519.69	94.8%
Interest earned	60.57	2.9%	44.26	2.9%	202.55	2.6%	181.30	2.6%	191.52	5.2%
Total Income	**2,062.43**	**100.0%**	**1,513.21**	**100.0%**	**7,910.27**	**100.0%**	**6,913.97**	**100.0%**	**3,711.21**	**100.0%**
Expenditure										
Operating expenses	2,000.57	1.5%	1,464.28	1.9%	7,569.89	98.3%	7,125.32	98.5%	4,270.42	98.5%
Interest expended	30.58	98.5%	29.18	97.0%	95.42	1.2%	98.68	1.4%	55.28	1.3%
Provisions and contingencies	-	0.0%	1.24	0.1%	40.22	0.5%	10.33	0.1%	9.35	0.2%
Total Expenditure	**2,031.15**	**100.0%**	**1,494.70**	**100.0%**	**7,705.53**	**100.0%**	**7,234.33**	**100.0%**	**4,335.05**	**100.0%**
Profit / Loss										
Net profit /(loss) for the period/year	31.28	1.04%	18.51	0.6%	204.74	7.0%	(320.36)	(10.0)%	(623.84)	(21.7)%
Profit/(loss) brought forward	(3,036.24)	(101.04)%	(3,189.79)	(100.6)%	(3,189.79)	(107.0)%	(2,869.43)	(90.0)%	(2,245.59)	(78.3)%
Profit / Loss for the period	**(3,004.96)**	**(100.0)%**	**(3,171.28)**	**(100.0)%**	**(2,985.05)**	**(100.0)%**	**(3,189.79)**	**(100.0)%**	**(2,869.43)**	**(100.0)%**

Particulars	Three months ended				Financial Year					
	June 30, 2021		June 30, 2020		2021		2020		2019	
	(₹ in million)	*% of Total*	*(₹ in million)*	*% of Total*	*(₹ in million)*	*% of Total*	*(₹ in million)*	*% of Total*	*(₹ in million)*	*% of Total*
Appropriations										
Transfer to statutory reserve	-	-%	-	-%	51.19	-%	-	-%	-	-%
Balance carried over to Balance Sheet	**(3,004.96)**	-%	**(3,171.28)**	-%	**(3,036.24)**	**-%**	**(3,189.79)**	**-%**	**(2,869.43)**	**-%**

The following table sets forth the components of Other Income for the three months ended June 30, 2021 and 2020, and the financial years 2021, 2020 and 2019:

(in ₹ millions)

Particulars	Three months ended		Financial Year		
	June 30, 2021	June 30, 2020	2021	2020	2019
Commission, Exchange and Brokerage	1,778.62	1,286.10	6,755.64	6,045.35	3,304.99
Profit/(loss) on sale of Investments (Net)	-	-	-	(0.09)	(0.04)
Profit/(loss) on sale of land, building and other assets (Net)	-	-	(6.37)	2.86	0.05
Profit/(loss) on exchange transactions (Net)	-	-	0.00	0.00	0.00
Miscellaneous Income	223.24	182.85	958.45	684.55	214.69
Total	**2,001.86**	**1,468.95**	**7,702.72**	**6,732.67**	**3,519.69**

Three months ended June 30, 2021 compared to the Three months ended June 30, 2020

Our results of operations for the three months ended June 30, 2021 were particularly affected by the COVID-19 pandemic, related lockdown orders and other restrictions announced by the Indian Government and the adverse impact on the Indian economy.

Income

Total income increased by 36.3% from ₹1,513.21 million for the three months ended June 30, 2020 to ₹2,062.43 million for the three months ended June 30, 2021 primarily due to an increase in other income as described below.

Other Income

Other income increased by 36.3% from ₹1,468.95 million for the three months ended June 30, 2020 to ₹2,001.86 million for the three months ended June 30, 2021 primarily due to:

- an increase in commission, exchange and brokerage from ₹1,286.10 million for the three months ended June 30, 2020 to ₹1,778.62 million for the three months ended June 30, 2021. Commission, exchange and brokerage increased as a result of an increase in transaction throughput from domestic remittance, AePS transactions, CMS and CASA accounts (including new subscription based CASA accounts).

- an increase in miscellaneous income from ₹182.85 million for the three months ended June 30, 2020 to ₹223.24 million for the three months ended June 30, 2021. Miscellaneous income increased as a result of the onboarding of approximately 31,683 merchants and the one-off payments made by each such merchant to us for on-boarding and equipment such as micro-ATMs, AePS devices and training.

Interest Earned

Interest earned increased by 36.8% from ₹44.26 million for the three months ended June 30, 2020 to ₹60.57 million for the three months ended June 30, 2021 primarily due to an increase in income on investment from ₹17.95 million for the three months ended June 30, 2020 to ₹46.42 million for the three months ended June 30, 2021. This was partially off-set by a decrease in interest on balances with Reserve Bank of India and other inter-bank funds from ₹21.99 million for the three months ended June 30, 2020 to ₹14.04 million for the three months ended June 30, 2021, as a result of decreases in fixed deposit interest rates and ₹4.30 million interest earned on income tax refund during the period ending June 30, 2020.

Expenditure

Total expenditure increased by 35.9% from ₹1,494.70 million for the three months ended June 30, 2020 to ₹2,031.15 million for the three months ended June 30, 2021 primarily due to an increase in operating expenses due to the reasons discussed below.

Operating Expenses

Operating expenses increased by 36.6% from ₹1,464.28 million for the three months ended June 30, 2020 to ₹2,000.57 million for the three months ended June 30, 2021 primarily due to:

- an increase in other expenditure from ₹1,042.64 million for the three months ended June 30, 2020 to ₹1,451.60 million for the three months ended June 30, 2021 as a result of growth in business resulting in an increase in corresponding costs. Other expenditure increased as a result of an increase in commissions paid to our merchants in connection with a significant increase in their transaction throughput for domestic remittance, CASA, CMS and AePS transactions, resulting in an increase in commissions paid to our merchants. Other expenditure comprises key expenses and primarily includes BC and merchant commissions, NPCI switching fees and interchange expenses and consultancy charges, as well as other expenses such as membership and subscription charges, staff welfare expenses and bank charges;

- an increase in payments to and provisions for employees from ₹258.67 million for the three months ended June 30, 2020 to ₹333.87 million for the three months ended June 30, 2021, as a result of regular payments resuming during the first quarter of financial year 2022 following a reduction in payments during the first quarter of financial year 2021 due to COVID-19;

- an increase in advertisement and publicity from ₹19.53 million for the three months ended June 30, 2020 to ₹44.77 million for the three months ended June 30, 2021, as a result of increased advertisement expenses; and

- an increase in repairs and maintenance from ₹7.69 million for the three months ended June 30, 2020 to ₹21.71 million for the three months ended June 30, 2021, as a result of growth in business.

Interest Expended

Interest expended increased by 4.8% from ₹29.18 million for the three months ended June 30, 2020 to ₹30.58 million for the three months ended June 30, 2021 primarily due to an increase in interest on deposits from ₹10.12 million for the three months ended June 30, 2020 to ₹17.64 million for the three months ended June 30, 2021, as a result of an increase in interest paid on our CASA deposits due to an increase in our customer base, and an increase in other interest (comprising interest on market repo against treasury bills and call money borrowing) from ₹0.29 million for the three months ended June 30, 2020 to ₹8.90 million for the three months ended June 30, 2021.

Provisions and Contingencies

Provisions and contingencies decreased from ₹1.24 million for the three months ended June 30, 2020 to ₹nil for the three months ended June 30, 2021 primarily due to no outstanding receivables beyond 180 days as per our provision policy.

Profit/ (Loss)

For the reasons discussed above, net profit was ₹31.28 million for the three months ended June 30, 2021 as compared to a net profit of ₹18.51 million for the three months ended June 30, 2020.

Financial Year 2021 compared to Financial Year 2020

Our results of operations for the financial year ended March 31, 2021 were particularly affected by the COVID-19 pandemic, related lockdown orders and other restrictions announced by the Indian Government and the adverse impact on the Indian economy.

Income

Total income increased by 14.4% from ₹6,913.97 million for the financial year ended March 31, 2020 to ₹7,910.27 million for the financial year ended March 31, 2021 primarily due to an increase in other income as described below.

Other Income

Other income increased by 14.5% from ₹6,732.67 million for the financial year ended March 31, 2020 to ₹7,707.72 million for the financial year ended March 31, 2021 primarily due to:

- an increase in commission, exchange and brokerage from ₹6,045.35 million for the financial year ended March 31, 2020 to ₹6,755.64 million for the financial year ended March 31, 2021. Commission, exchange and brokerage increased as a result of an increase in transaction throughput from micro-ATM transactions, AePS transactions, CMS and CASA accounts (including new subscription based CASA accounts). The increase was offset by COVID-19 related lockdowns and other restrictions that negatively impacted domestic remittance, as migrant workers relocated from urban areas to hometown locations, leading to a decline in the need to remit money home during periods of calendar year 2020, as well as a decline in cross-sales of insurance products; and

- an increase in miscellaneous income from ₹684.55 million for the year ended March 31, 2020 to ₹958.45 million for the financial year ended March 31, 2021. Miscellaneous income increased as a result of the onboarding of approximately 145,670 merchants and the one-off payments made by each such merchant to us for on-boarding and equipment such as micro-ATMs, AePS devices and training.

Interest Earned

Interest earned increased by 11.72% from ₹181.30 million for the financial year ended March 31, 2020 to ₹202.55 million for the financial year ended March 31, 2021 primarily due to an increase in income on investment from ₹48.16 million for the year ended March 31, 2020 to ₹100.78 million for the financial year ended March 31, 2021. This was partially off-set by a decrease in interest on balances with Reserve Bank of India and other inter-bank funds from ₹124.67 million for the financial year ended March 31, 2020 to ₹94.05 million for the financial year ended March 31, 2021 as compared to, as a result of decreases in fixed deposit interest rates.

Expenditure

Total expenditure increased by 6.51% from ₹7,234.33 million for the financial year ended March 31, 2020 to ₹7,705.53 million for the financial year ended March 31, 2021 primarily due to an increase in operating expenses due to the reasons discussed below.

Operating Expenses

Operating expenses increased by 6.24% from ₹7,125.32 million for the financial year ended March 31, 2020 to ₹7,569.89 million for the financial year ended March 31, 2021 primarily due to:

- an increase in other expenditure from ₹5,157.90 million for the financial year ended March 31, 2020 to ₹5,396.31 million for the financial year ended March 31, 2021 as a result of growth in business resulting in an increase in corresponding costs. Other expenditure increased as a result of an increase in commissions paid to our BCs in connection with a significant increase in their transaction throughput linked to the Indian Government's COVID-19 stimulus initiatives, as well as an increase in commissions paid to our merchants for micro-ATM and AePS transactions due to an increase in merchant enrolment and onboarding as reverse migration occurred during the periods of lockdown. This increase was offset by a decrease in commissions paid to our non-corporate BCs for domestic remittance as reverse migration occurred during the periods of COVID-19 lockdown;

- an increase in depreciation on banks property from ₹235.66 million for the financial year ended March 31, 2020 to ₹535.83 million for the financial year ended March 31, 2021, as a result of additional plant and machinery, being equipment such as micro-ATMs and AePS devices used by merchants to serve customers; and

- an increase in postage, telegrams and telephones, from ₹110.56 million for the year ended March 31, 2020 to ₹118.66 million for the year ended March 31, 2021, as a result of increased telephone expenses.

This increase was partially offset by a decrease in payments to and provisions for employees from ₹1,238.83 million for the year ended March 31, 2020 to ₹1,147.12 million for the financial year ended March 31, 2021, as a result of reductions in bonus payouts for the first quarter of financial year 2021, and other rationalisation and cost-optimisation initiatives in the light of the pandemic, and a decrease in rent, taxes and lighting from ₹170.52 million for the year ended March 31, 2020 to ₹125.70 million for the financial year ended March 31, 2021.

Interest Expended

Interest expended decreased by 3.3% from ₹98.68 million for the financial year ended March 31, 2020 to ₹95.42 million for the financial year ended March 31, 2021 primarily due to a decrease in interest on Reserve Bank of India / inter-bank borrowings from ₹70.87 million for the financial year ended March 31, 2020 to ₹35.73 million for the financial year ended March 31, 2021, as a result of improvements in our working capital management and reduction in our borrowing costs. This decrease was offset by an increase in interest on deposits from ₹27.65 million for the financial year ended March 31, 2020 to ₹44.29 million for the financial year ended March 31, 2021, as a result of an increase in interest paid on our CASA deposits due to an increase in our customer base, as well as an increase in other interest as a result of increase in our borrowings against treasury bills and government securities, as a result of an increase in demand deposit balances which resulted in us needing to invest a minimum 75% of our "demand deposit balances" in Government securities/ Treasury Bills with maturity up to one year that are recognized by RBI as eligible securities for the maintenance of our SLR.

Provisions and Contingencies

Provisions and contingencies increased by 289.2% from ₹10.33 million for the financial year ended March 31, 2020 to ₹40.22 million for the financial year ended March 31, 2021 primarily due to an increase in outstanding receivables beyond 180 days.

Profit/ (Loss)

For the reasons discussed above, net profit was ₹204.74 million for the year ended March 31, 2021 as compared to a net loss of ₹320.36 million for the year ended March 31, 2020.

Financial Year 2020 compared to Financial Year 2019

Our results of operations for the financial year 2020 were particularly affected by a focus on high margin products such as CASA, CMS and micro-ATM transactions and cost reductions initiatives.

Income

Total income increased by 86.3% from ₹3,711.21 million for the financial year 2019 to ₹6,913.97 million for the financial year 2020 primarily due to an increase in other income as described below.

Other Income

Other income increased by 91.3% from ₹3,519.69 million for the financial year 2019 to ₹6,732.67 million for the financial year 2020 primarily due to:

- an increase in commission, exchange and brokerage from ₹3,304.99 million for the financial year 2019 to ₹6,045.35 million for the financial year 2020. Commission, exchange and brokerage increased as a result of transaction throughput increases in CMS, BC Banking, micro-ATM transactions, AePS transactions, domestic remittance, and CASA accounts. This increase was offset by a decrease in transaction throughput for Bpay, third party insurance. COVID-19 lockdowns and other restrictions negatively impacted domestic remittance during March 2020, which recorded a 37.0% decrease from the prior month; and

- an increase in miscellaneous income from ₹214.69 million for the financial year 2019 to ₹684.55 million for the financial year 2020. Miscellaneous income increased as a result of the onboarding of approximately 95,178 merchants and the one-off payments made by each such merchant to us for onboarding and equipment such as micro-ATMs, AePS devices, and training.

Interest Earned

Interest earned decreased by 5.3% from ₹191.52 million for the financial year 2019 to ₹181.30 million for the financial year 2020 primarily due to a decrease in other interest from ₹16.26 million for the financial year 2019 to ₹8.38 million for the financial year 2020, as a result of ₹6.45 million received from interest earned on our income tax refund during the financial year 2020 as against ₹16.2 million received from interest earned on our income tax refund during the financial year 2019, and a decrease in interest on balances with Reserve Bank of India and other inter-bank funds from ₹128.16 million for the financial year 2019 to ₹124.67 million for the financial year 2020. This decrease was partially offset by an increase in income on investments from ₹47.01 million for the financial year 2019 to ₹48.16 million for the financial year 2020.

Expenditure

Total expenditure increased by 66.9% from ₹4,335.05 million for the financial year 2019 to ₹7,234.33 million for the financial year 2020 primarily due to an increase in operating expenses due to the reasons discussed below.

Operating Expenses

Operating expenses increased by 66.9% from ₹4,270.42 million for the financial year 2019 to ₹7,125.32 million for the financial year 2020 primarily due to:

- an increase in other expenditure from ₹2,354.73 million for the financial year 2019 to ₹5,157.90 million for the financial year 2020;

- an increase in depreciation on banks property from ₹182.59 million for the financial year 2019 to ₹235.66 million for the financial year 2020, as a result of an increase in plant and machinery, being equipment such as micro-ATMs and AePS devices used by merchants to serve customers, computer hardware and leasehold improvements;

- an increase in advertising and publicity from ₹41.96 million for the financial year 2019 to ₹70.83 million for the financial year 2020, as a result of branding activities carried out across India;

- an increase in law charges from ₹23.63 million for the financial year 2019 to ₹31.71 million for the financial year 2020; and

- an increase in postage, telegrams and telephones from ₹97.74 million for the financial year 2019 to ₹110.56 million for the financial year 2020.

This increase was partially offset by a decrease in payments to and provisions for employees from ₹1,272.00 million for the financial year 2019 to ₹1,238.83 million for the financial year 2020, a decrease in printing and stationary from ₹35.39 million for the financial year 2019 to ₹9.18 million for the financial year 2020 , and a decrease in repairs and maintenance from ₹70.33 million for the financial year 2019 to ₹61.98 million for the financial year 2020.

Other expenditure increased as a result of an increase in commissions paid to our BCs and merchants in connection with an increase in commissions paid due to growth in business for BC banking and products/services such as CASA, Micro-ATMs, AePS, domestic remittance and CMS offered through our merchants.

Interest Expended

Interest expended increased by 78.52% from ₹55.28 million for the financial year 2019 to ₹98.68 million for the financial year 2020 primarily due to an increase in interest on Reserve Bank of India / inter-bank borrowings from ₹42.87 million for the financial year 2019 to ₹70.87 million for the financial year 2020 , as a result of an increase in overdraft facilities availed for working capital requirements due to a growth in our business and the structure of settlement cycles of payables and receivables by NPCI, and an increase in interest on deposits from ₹12.40 million for the financial year 2019 to ₹27.65 million for the financial year 2020 , as a result of an increase in interest paid on our CASA deposits.

Provisions and Contingencies

Provisions and contingencies increased by 10.5% from ₹9.35 million for the financial year 2019 to ₹10.33 million for the financial year 2020 primarily due to an increase in outstanding receivables beyond 270 days.

Profit/ (Loss)

For the reasons discussed above, net loss was ₹320.36 million for the financial year 2020 as compared to a net loss of ₹623.84 million for the financial year 2019.

Financial Condition

Assets

The following table sets forth the principle components of our assets as of the dates indicated:

(in ₹ millions)

Particulars	As of June 30,		As of March 31,		
	2021	2020	2021	2020	2019
Cash and balances with Reserve Bank of India	477.94	776.93	883.17	1,308.08	1,574.49
Balances with banks and money at call and short notice	1,667.52	2,435.29	1,825.00	1,711.72	2,308.58
Investments	5,578.25	2,436.65	5,035.58	1,282.70	732.02
Advances	0.63	0.66	1.32	1.02	0.80
Fixed assets	801.30	494.15	642.18	494.92	422.31
Other Assets	1,675.96	2,188.48	1,715.66	1,441.57	1,802.52
Total	**10,201.60**	**8,332.16**	**10,102.91**	**6,240.01**	**6,840.72**

Total assets increased by 22.4% from ₹8,332.16 million as of June 30, 2020 to ₹10,201.60 million as of June 30, 2021 primarily due to an increase in investments from ₹2,436.65 million as of June 30, 2020 to ₹5,578.25 million as of June 30, 2021 and an increase in fixed assets from ₹494.15 million as of June 30, 2020 to ₹801.30 million as of June 30, 2021. This increase was partially offset by a decrease in cash and balances with Reserve Bank of India from ₹776.93 million as of June 30, 2020 to ₹477.94 million as of June 30, 2021, decrease in balances with banks and money at call and short notice from ₹2,435.29 million as of June 30, 2020 to ₹1,667.52 million as of June 30, 2021 and decrease in other assets from ₹2,188.48 million as of June 30, 2020 to ₹1,675.96 million as of June 30, 2021.

Total assets increased by 61.9% from ₹6,240.01 million as of March 31, 2020 to ₹10,102.91 million as of March 31, 2021 primarily due to an increase in investments from ₹1,282.70 million as of March 31, 2020 to ₹5,035.58 million as of March 31, 2021, an increase in balances with banks and money at call and short notice from ₹1,711.72 million as of March 31, 2020 to ₹1,824.34 million as of March 31, 2021, and an increase in fixed assets from ₹494.92 million as of March 31, 2020 to ₹642.18 million as of March 31, 2021. This increase was partially offset by a decrease in cash and balances with Reserve Bank of India from ₹1,308.08 million as of March 31, 2020 to ₹883.17 million as of March 31, 2021.

Total assets decreased by 8.8% from ₹6,840.72 million as of March 31, 2019 to ₹6,240.01 million as of March 31, 2020 primarily due to a decrease in balances with banks and money at call and short notice from ₹2,308.58 million as of March 31, 2019 to ₹1,711.72 million as of March 31, 2020 , a decrease in other assets from ₹1,802.52 million as of March 31, 2019 to ₹1,441.57 million as of March 31, 2020, and a decrease in cash and balances with Reserve Bank of India from ₹1,574.49 million as of March 31, 2019 to ₹1,308.08 million as of March 31, 2020, as a result of a decline in transactions linked to COVID-19 lockdowns which correspondingly decreased our settlement obligations. This decrease was partially offset by an increase in investments from ₹732.02 million as of March 31, 2019 to ₹1,282.70 million as of March 31, 2020.

Balances with Banks and Money at Call and Short Notice

Balances with banks and money at call and short notice decreased by 31.5% from ₹2,435.29 million as of June 30, 2020 to ₹1,667.52 million as of June 30, 2021. The decrease as of June 30, 2021 was driven by a decrease in balances with banks in current accounts from ₹1,030.74 million as of June 30, 2020 to ₹448.28 million as of June 30, 2021, and a decrease in balances with banks in other deposit accounts from ₹1,404.55 million as of June 30, 2020 to ₹1,219.24 million as of June 30, 2021, as a result of closures, maturities and withdrawals of fixed deposits and the investing of subsequent redemption amounts in treasury bills.

Balances with banks and money at call and short notice increased by 6.6% from ₹1,711.72 million as of March 31, 2020 to ₹1,825.01 million as of March 31, 2021. The increase as of March 31, 2021 was primarily driven by an increase in balances with banks in current accounts from ₹321.68 million as of March 31, 2020 to ₹519.77 million as of March 31, 2021. This increase is partially offset by a decrease in other deposit accounts from ₹1,390.04 million as of March 31, 2020 to ₹1,305.23 million as of March 31, 2021, as a result of closures, maturities and withdrawals of fixed deposits and the investing of subsequent redemption amounts in treasury bills.

Balances with banks and money at call and short notice decreased by 25.9% from ₹2,308.58 million as of March 31, 2019 to ₹1,711.72 million as of March 31, 2020. The decrease as of March 31, 2020 was primarily driven by a decrease in balances with banks in other deposit accounts from ₹1,743.84 million as of March 31, 2019 to ₹1,390.04 million as of March 31, 2020, as a result of the closure of fixed deposits placed with AU Small Finance Bank, and a decrease in balances with banks in current accounts from

₹564.74 million as of March 31, 2019 to ₹321.68 million as of March 31, 2020, as a result of the sudden negative effect on our business due to COVID-19 pandemic.

Investments

Our investments mainly represent investments in government securities.

Investments increased from ₹2,436.65 million as of June 30, 2020 to ₹5,578.25 million as of June 30, 2021. This increase was as a result of an increase in investments in government securities, as the increase in “demand deposit” balances required us to invest a minimum 75% of our "demand deposit balances" in government securities or treasury bills with maturities of up to one year that are recognized by RBI as eligible securities for the maintenance of our SLR.

Investments increased from ₹1,282.70 million as of March 31, 2020 to ₹5,035.58 million as of March 31, 2021. This increase was as a result of an increase in government securities, as the increase in “demand deposit” balances required us to invest a minimum 75% of our "demand deposit balances" in government securities or treasury bills with maturities of up to one year that are recognized by RBI as eligible securities for the maintenance of our SLR.

Investments increased by 75.2% from ₹732.02 million as of March 31, 2019 to ₹1,282.70 million as of March 31, 2020. The increase as of March 31, 2020 was as a result of closures, maturities and withdrawals of fixed deposits and the investing of subsequent redemption amounts in treasury bills.

Other Assets

Other assets primarily include tax paid in advance/ tax deducted at source (net of provision), interest accrued, and “Others”, which comprises trade receivables on account of BC and CMS services, security deposits placed with lessors for office leases, security deposits placed with NPCI, prepaid expenses and settlement of interbank transactions.

Other assets decreased by 23.4% from ₹2,188.48 million as of June 30, 2020 to ₹1,675.96 million as of June 30, 2021. The decrease as of June 30, 2021 was primarily driven by a decrease in “Others” from ₹2,096.87 million as of June 30, 2020 to ₹1,584.77 million as of June 30, 2021, as a result of decrease in settlements of interbank transactions in connection with cash withdrawals at our merchant locations (as between the issuing bank and us as the acquiring bank), which are recognized as receivables.

Other assets increased by 19.0% from ₹1,441.57 million as of March 31, 2020 to ₹1,715.66 million as of March 31, 2021. The increase as of March 31, 2021 was primarily driven by an increase in “Others” from ₹1,287.36 million as of March 31, 2020 to ₹1,654.07 million as of March 31, 2021, as a result of an increase in settlements of interbank transactions in connection with cash withdrawals at our merchant locations (as between the issuing bank and us as the acquiring bank), which are recognized as receivables.

Other assets decreased by 20.0% from ₹1,802.52 million as of March 31, 2019 to ₹1,441.57 million as of March 31, 2020. The decrease as of March 31, 2020 was primarily driven by a decrease in “Others” from ₹1,581.03 million as of March 31, 2019 to ₹1,287.36 million as of March 31, 2020, as a result of a decrease in settlements of interbank transactions as between the issuing bank and us as the acquiring bank, and a decrease in tax paid in advance/ tax deducted at source (net of provision) from ₹210.54 million as of March 31, 2019 to ₹143.05 million as of March 31, 2020, as a result of receipt of an income tax refund.

Capital and Liabilities

The table below sets out the principal components of our shareholders’ funds and liabilities as of the dates indicated:

(in ₹ millions)

Particulars	As of June 30,		As of March 31,		
	2021	2020	2021	2020	2019
Capital	445.80	445.80	445.80	445.80	445.80
Reserves and surplus	1,090.95	873.44	1,059.67	854.93	1,175.29
Deposits	2,512.52	1,286.02	2,428.36	1,175.29	475.40
Borrowings	2,112.84	1,005.18	1,807.98	1,107.90	829.03
Other liabilities and provisions	4,039.49	4,721.72	4,361.10	2,656.09	3,915.20
Total	**10,201.60**	**8,332.16**	**10,102.91**	**6,240.01**	**6,840.72**

Total capital and liabilities increased by 22.4% from ₹8,332.16 million as of June 30, 2020 to ₹10,201.60 million as of June 30, 2021. This increase as of June 30, 2021 was primarily driven by an increase in deposits from ₹1,286.02 million as of June 30, 2020 to ₹2,512.52 million as of June 30, 2021, and an increase in borrowings from ₹1,005.18 million as of June 30, 2020 to ₹2,112.84 million as of June 30, 2021. This increase was partially offset by a decrease in other liabilities and provisions from ₹4,721.72 million as of June 30, 2020 to ₹4,039.49 million as of June 30, 2021, as a result of a decrease in others (including provisions), which comprises cumulative balances of our merchants’ earnest money deposit (“EMD”) accounts, settlement liabilities related to IMPS, Micro-ATMs and AePS and third party settlement accounts relating to CMS. An EMD account is an account that is opened by our merchants for the purposes of deposits and withdrawals from a customer’s account. This is required to support customer transactions and fund settlement with us.

Total capital and liabilities increased by 61.9% from ₹6,240.01 million as of March 31, 2020 to ₹10,102.91 million as of March 31, 2021. This increase as of March 31, 2021 was primarily driven by an increase in other liabilities and provisions from ₹2,656.09

million as of March 31, 2020 to ₹4,361.10 million as of March 31, 2021, as a result of an increase in others (including provisions), which comprises cumulative balances of our merchants' EMD, settlement liabilities related to IMPS, Micro-ATMs and AePS and third party settlement accounts relating to CMS.

Total capital and liabilities decreased by 8.8% from ₹6,840.72 million as of March 31, 2019 to ₹6,240.01 million as of March 31, 2020. This decrease as of March 31, 2020 was primarily driven by a decrease in other liabilities and provisions from ₹3,915.20 million as of March 31, 2019 to ₹2,656.09 million as of March 31, 2020, as a result of a decrease in others (including provisions), which decreased as a result of the reduced transaction throughput during the COVID-19 lockdowns, leading to a decrease in settlement liabilities.

Other liabilities and provisions

Other liabilities and provisions represents bills payable, inter office adjustments (net), interest accrued and others (including provisions).

Other liabilities and provisions decreased by 14.5% from ₹4,721.72 million as of June 30, 2020 to ₹4,039.49 million as of June 30, 2021, as a result of a decrease in settlement liabilities related to IMPS, micro-ATM and AePS transactions.

Other liabilities and provisions increased by 64.2% from ₹2,656.09 million as of March 31, 2020 to ₹4,361.10 million as of March 31, 2021, as a result of an increase in merchant EMD accounts, an increase in IMPS settlements and third party settlement accounts relating to CMS.

Other liabilities and provisions decreased by 32.2% from ₹3,915.20 million as of March 31, 2019 to ₹2,656.09 million as of March 31, 2020, as a result of a decrease in IMPS settlements due to COVID-19 related lockdowns.

Deposits

The table below sets out our deposits, as of the dates indicated:

(in ₹ millions)

Particulars	As of June 30,		As of March 31,		
	2021	2020	2021	2020	2019
Demand deposits					
(i) from banks	-	-	-	-	-
(ii) from others	15.31	16.03	16.30	16.40	19.79
Total Demand Deposits	15.31	16.03	16.30	16.40	19.79
Savings Bank Deposits	2,497.21	1,269.99	2,412.06	1,158.89	455.61
Term deposits					
(i) from banks	-	-	-	-	-
(ii) from others	-	-	-	-	-
Total Term Deposits	-	-	-	-	-
Total	**2,512.52**	**1,286.02**	**2,428.36**	**1,175.29**	**475.40**

Deposits mainly comprise savings bank deposits.

Deposits increased by 95.4% from ₹1,286.02 million as of June 30, 2020 to ₹2,512.52 million as of June 30, 2021. This increase as of June 30, 2021 was primarily driven by an increase in savings bank deposits from ₹1,269.99 million as of June 30, 2020 to ₹2,497.21 million as of June 30, 2021, as a result of the opening of new CASA accounts during the period and the average balance maintenance in the savings accounts being at similar levels as prior period, all of which is attributable to our subscription based CASA offering.

Deposits increased from ₹1,175.29 million as of March 31, 2020 to ₹2,428.36 million as of March 31, 2021. This increase as of March 31, 2021 was primarily driven by an increase in savings bank deposits from ₹1,158.89 million as of March 31, 2020 to ₹2,412.06 million as of March 31, 2021, as a result of the opening of new CASA accounts during the period and the average balance maintenance in the savings accounts being at similar levels as prior period, all of which is attributable to our subscription based CASA offering.

Deposits increased from ₹475.40 million as of March 31, 2019 to ₹1,175.29 million as of March 31, 2020. This increase as of March 31, 2020 was primarily driven by an increase in savings bank deposits from ₹455.61 million as of March 31, 2019 to ₹1,158.89 million as of March 31, 2020, as a result of the opening of new CASA accounts during the period and the average balance maintenance in the savings accounts being at similar levels as prior period, all of which is attributable to our subscription based CASA offering.

Borrowings

Borrowings primarily comprise borrowings from the RBI, other banks, other institutions and agencies and subordinated debt.

Borrowings increased from ₹1,005.18 million as of June 30, 2020 to ₹2,112.84 million as of June 30, 2021. This increase was driven by an increase in repo borrowing against security in order to meet day-to-day settlements and demand deposit balance obligations, which grew on account of the overall growth in our business.

Borrowings increased by 63.1% from ₹1,107.90 million as of March 31, 2020 to ₹1,807.98 million as of March 31, 2021. This increase was driven by an increase in repo borrowing against security in order to meet day-to-day settlements and demand deposit balance obligations, which grew on account of the overall growth in our business.

Borrowings increased by 33.6% from ₹829.03 million as of March 31, 2019 to ₹1,107.90 million as of March 31, 2020. This increase was driven by an increase in borrowings from other banks, as a result of an increase in settlement obligations.

Liquidity and Capital Resources

The purpose of the liquidity management function is to ensure that we have funds available to repay principal and interest on our borrowings and to fund our working capital and capital expenditure requirements. As of June 30, 2021, March 31, 2021, March 31, 2020 and 2019, we had cash in hand available for use in our operations of ₹ 138.35 million, ₹63.87 million, ₹105.76 million, and ₹167.72 million, respectively. We also had cash reserves in the form of fixed deposits , investments in government securities and balances maintained in the RBI Current Account, and have cash receivables arising from net AePS receivables which settle on a T+1 basis.

We actively manage our liquidity position by raising funds on a continuous basis through scheduled banks and from repo borrowings against security. We regularly monitor our funding levels to ensure we are able to satisfy the requirements for maturity of our liabilities. See "– *Financial Indebtedness*" on page 272 for details.

Cash Flows

The following table sets forth certain information relating to our cash flows for the periods indicated:

(in ₹ millions)

Particulars	Three months ended		Financial Year		
	June 30, 2021	June 30, 2020	2021	2020	2019
Net cash generated from / (used in) operating activities	(640.59)	349.50	(322.24)	(836.73)	286.37
Net cash (used in) investing activities	(226.98)	(54.36)	(689.46)	(305.42)	(136.21)
Net cash generated from financing activities	304.86	(102.72)	700.07	278.88	349.65
Net (Decrease)/Increase in Cash and cash equivalent	(562.71)	192.42	(311.63)	(863.27)	499.81

Operating Activities

Three months ended June 30, 2021

Net cash used in operating activities was ₹640.59 million for the three months ended June 30, 2021. Net profit before tax was ₹31.28 million, for the three months ended June 30, 2021 and adjustments to reconcile net profit before taxation to net cash generated from operating activities primarily consisted of depreciation of ₹67.86 million. Cash flow before working capital changes was ₹104.75 million for the three months ended June 30, 2021. The primary working capital adjustments for the three months ended June 30, 2021, included increase in investments of ₹542.67 million, decrease in other liabilities and provisions of ₹327.23 million, increase in deposits of ₹84.16 million, and decrease in other assets of ₹58.04 million.

Financial Year 2021

Net cash used in operating activities was ₹322.24 million for the financial year 2021. Net profit before tax was ₹204.74 million, for the financial year 2021 and adjustments to reconcile net profit before taxation to net cash generated from operating activities primarily consisted of depreciation of ₹535.83 million, and provision for doubtful debts and advances of ₹40.22 million. Cash flow before working capital changes was ₹815.06 million for the financial year 2021. The primary working capital adjustments for the financial year 2021, included increase in investments of ₹3,752.88 million, increase in other liabilities and provisions of ₹1,677.12 million, increase in deposits of ₹1,253.07 million, and increase in other assets of ₹409.38 million.

Financial Year 2020

Net cash used in operating activities was ₹836.73 million for the financial year 2020. Net loss before tax was ₹320.36 million, for the financial year 2020 and adjustments to reconcile net loss before taxation to net cash used in operating activities primarily consisted of depreciation of ₹235.66 million, and gratuity of ₹22.97 million. Cash outflow before working capital changes was ₹44.75 million for the financial year 2020. The primary working capital adjustments for the financial year 2020, included decrease in other liabilities and provision of ₹1,291.60 million, increase in deposits of ₹699.90 million, increase in investments of ₹550.68 million, and decrease in other assets of ₹282.37 million.

Financial Year 2019

Net cash generated from operating activities was ₹286.37 million for the financial year 2019. Net loss before tax was ₹623.84 million, for the financial year 2019 and adjustments to reconcile net loss before taxation to net cash generated from operating activities primarily consisted of depreciation of ₹182.59 million, gratuity of ₹14.68 million, and compensated absence (i.e., leave encashment) on ₹13.91 million. Cash outflow before working capital changes was ₹403.36 million for the financial year 2019. The primary working capital adjustments for the financial year 2019, included increase in other liabilities and provision of ₹1,624.58 million, increase in other assets of ₹976.94 million, and increase in investments of ₹94.29 million.

Investing Activities

Three months ended June 30, 2021

Net cash used in investing activities was ₹226.98 million for the three months ended June 30, 2021, comprising the addition of fixed assets (including capital work in progress) of ₹226.98 million.

Financial Year 2021

Net cash used in investing activities was ₹689.46 million for the financial year 2021, primarily comprising the addition of fixed assets (including capital work in progress) of ₹690.39 million, partially offset by the sale of fixed assets of ₹0.92 million.

Financial Year 2020

Net cash used in investing activities was ₹305.42 million for the financial year 2020, primarily comprising the addition of fixed assets (including capital work in progress) of ₹309.34 million, partially offset by the sale of fixed assets of ₹3.92 million.

Financial Year 2019

Net cash used in investing activities was ₹136.21 million for the financial year 2019, primarily comprising the addition of fixed assets (including capital work in progress) of ₹137.81 million, partially offset by the sale of fixed assets of ₹1.60 million.

Financing Activities

Three months ended June 30, 2021

Net cash from financing activities was ₹304.86 million for the three months ended June 30, 2021, as a result of net proceeds from borrowings.

Financial Year 2021

Net cash from financing activities was ₹700.07 million for the financial year 2021, as a result of net proceeds from borrowings.

Financial Year 2020

Net cash from financing activities was ₹278.88 million for the financial year 2020, as a result of net proceeds from borrowings.

Financial Year 2019

Net cash from financing activities was ₹349.65 million for the financial year 2019, as a result of net proceeds from borrowings.

Capital Adequacy

We are subject to capital to risk-weighted asset requirements prescribed by the RBI. As of June 30, 2021 and March 31, 2021, we were required to maintain a minimum CRAR of 15.00%, based on the total capital to risk-weighted assets. The following table sets forth certain information relating to our CRAR as at, and for the periods ended June 30, 2021, March 31, 2021, 2020 and 2019:

Particulars	As of June 30,	As of March 31,		
	2021	2021	2020	2019
Common Equity Tier 1 (CET) capital ratio (%)	54.84%	56.25%	60.87%	65.45%
Tier I capital ratio (%)	54.84%	56.25%	60.87%	65.45%
Tier II capital ratio (%)	-	-	-	-
Total capital ratio (CRAR) (%)	**54.84%**	**56.25%**	**60.87%**	**65.45%**
Percentage of the shareholding of the Government of India in Public Sector banks	-	-	-	-
Amount of Equity capital raised	-	-	-	-
Amount of Additional Tier 1 capital raised	-	-	-	-
Amount of Tier 2 capital raised	-	-	-	-

In accordance with the notification no. DBR.NBD.No.4503/16.13.218/2017-18 dated November 8, 2017, Payments Banks are exempted from maintaining capital for market risk and operational risk. For the financial years 2021, 2020 and 2019, we did not raise any capital.

Credit Rating

The following table sets forth our credit rating(s) as of June 30, 2021:

(₹ in million)

Particulars / Instrument	Amount	Rating and Outlook	Rating Agency
Bank Facilities	1,500	BBB- (Stable)	ICRA

Indebtedness

As of March 31, 2021, our total borrowings were ₹1,807.98 million (comprising short-term borrowings with other banks of ₹507.98 million and short-term borrowings with other institutions and agencies of ₹1,300.00 million). As of March 31, 2020 and 2019, our total borrowings were ₹1,107.90 million (comprising borrowings with other banks) and ₹829.03 million (comprising borrowings with other banks), respectively.

See "*Financial Indebtedness*" on page 272 for a description of broad terms of our indebtedness.

Contractual Obligations and Commitments

As of June 30, 2021, our estimated amount of contracts remaining to be executed on capital account and not provided for was ₹10.58 million. The following table sets forth a summary of the maturity profile of our contractual obligations as of June 30, 2021:

(₹ in millions)

Particulars	**As of June 30, 2021**				
	Payments due by period				
	Total	**Less than 1 year**	**1 -3 years**	**3-5 years**	**More than 5 years**
Estimated amount of contracts remaining to be executed on capital account and not provided for	10.58	10.58	-	-	-
Total Contractual Obligations	**10.58**	**10.58**	**-**	**-**	**-**

Capital Expenditure

Our capital expenditure consists principally of expenditure relating to banking outlets, investment in technology infrastructure and cyber security protection including the implementation of various IT infrastructure components to monitor and handle increased transaction loads and capacity, storage, servers and memory and database monitoring tools, firewalls and intrusion detection systems, and identity and access management tools/processes.

In the three months ended June 30, 2021, we incurred capital expenditure in connection with additional fixed assets (including furniture and fixtures) of ₹226.52 million, of which ₹41.04 million was incurred on capital expenditure related to IT infrastructure enhancements, cyber security protection and data privacy management.

In the financial year 2021, we incurred capital expenditure in connection with additional fixed assets (including furniture and fixtures) of ₹676.68 million, of which ₹121.04 million was incurred on capital expenditure related to IT infrastructure enhancements, cyber security protection and data privacy management.

In the financial year 2020, we incurred capital expenditure in connection with additional fixed assets (including furniture and fixtures) of ₹308.41 million, of which ₹61.55 million was incurred on capital expenditure related to IT infrastructure management.

In the financial year 2019, we incurred capital expenditure in connection with additional fixed assets (including furniture and fixtures) of ₹147.32 million, of which ₹64.47 million was incurred on capital expenditure related to investment in technology infrastructure and cyber security protection.

Contingent Liabilities

The table below sets forth our contingent liabilities as of June 30, 2021:

(₹ in million)

Particulars	**As of**
	June 30, 2021
Other items for which the bank is contingently liable	-
a) Income tax & other matters (under appeal)	3.31
b) Others	36.83
Total	**40.14**

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Quantitative and Qualitative Analysis of Market Risks

Our Board has overall responsibility for the establishment and oversight of our risk management framework. We are exposed to various types of market risks during the normal course of business.

Qualitative and Quantitative Analysis of Market Risk

We are exposed to various types of market risks during the normal course of business and as such, managing risk effectively is fundamental to the way we manage our business. We seek to make sensible and balanced business decisions through our risk appetite and within the corporate governance frameworks.

We have established a risk management framework underpinned by a comprehensive suite of policies, operational processes, procedures and governance structures and supported by a number of systems to enable us to conduct business in accordance with applicable laws, rules, regulations and guidance. Our Board has overall responsibility for the establishment and oversight of our risk management framework in line with the regulatory guidelines.

Market Risk

We manage our Market Risk arising from our trading book and investment portion of our banking book. Funding liquidity risk and the interest rate risk arising on account of banking book investments are managed by our Asset / Liability Management ("ALM") team in accordance with our ALM Policy, Investment Policy and Market Risk Policy, which are Board-approved and are in line with RBI guidelines.

To ensure that our operations are in line with our management's expectations of return vis-à-vis market risk, we have a defined set of principles and processes in place for articulating how we plan to manage the market risks we face, in our trading or banking book. As part of the process, we identify, quantify, set up limits and triggers, for risk monitoring and our reporting as per the defined process and regulatory requirements. For this purpose, we adhere to a three tier set-up (i.e., front office, back-office and mid-office as far as management of market risk is concerned).

Liquidity Risk

Liquidity risk management ensures that adequate liquidity is maintained without compromising on interest earning and without locking of funds idle in the system. We have aligned our liquidity risk management with the "Principles for Sound Liquidity Risk Management and Supervision" dated September 2008 issued by the Basel Committee on Banking Supervision ("BCBS"). The principles for sound liquidity risk management as set-out by the BCBS, applicability thereof and the existing mechanism in place within the Bank, are evaluated/implemented/monitored as part of our Board-approved ALM Policy.

Interest Rate Risk

Interest rate risk is the risk of change in value of assets lying in the trading book due to changes in interest rates including yield curve risks, spread risks, migration risks and basis risk. We are exposed to interest rate risk on account of our investment in government securities in the form of treasury bills, for the time being, as part of our proprietary investment, regulatory (SLR and demand deposit balances . Such investments in the current scenario don't carry any interest risk as we continue to hold them until maturity. In addition, we also continue to invest fixed deposits with Scheduled Commercial Banks as part of our proprietary funds and also part of demand deposit balances wherein as well these are pre-fixed/ agreed rate of interest and such deposits are also being held till their maturity. As such, we are not carrying interest rate risk as far as existing investments are concerned, however renewal thereof always remains subject to interest rate risk.

Operational Risk

We are exposed to significant operational risk (for instance, risks arising due to use of technology, introduction of new products/services, processes, channels like mobile, internet banking). Our Operational Risk Management Policy provides guidance on operational risk management issues and serves as a one-point reference and creates awareness among all employees within the Bank. It describes the minimum levels of operational risk that are to be expected in the Bank. The policy sets out the broad parameters for identification of various operational risk, that we are exposed to, on an on-going basis and also to put in place systems and procedures to mitigate such risks.

We define an operational risk event as an incident / experience that has caused or has the potential to cause us material loss either directly, or indirectly with other events. We also have an 'operational risk appetite indicator" which is an amount of operational risk related loss expressed as a percentage of total income, which is currently 2% and which is monitored at quarterly intervals by the Operational Risk Management Committee. All loss events are collated and analysed by carrying out root-cause analysis and placed before the Operational Risk Management Committee and the Fraud Risk Management Committee.

We also map our insurance coverage to the exposures in our operational risk profile and ensure that it is appropriate to the legal and regulatory requirements. We also assess the performance of the insurance in the event of an operational risk loss.

We also outsource certain functions / activities to third-parties, subject to compliance with RBI guidelines, and as a result we are exposed to the risk that such external parties may suffer a weakness or failure of internal control systems leading to an inability to fulfill their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such external parties) business continuity and data security and storage systems prove not to be sufficiently adequate.

Cash Management Risk

Through our own Branches/Customer Service Points, we directly deal with the incoming and outgoing movement of cash, as well as its storage on day-to-day basis. Cash arises out of transactions from banking and CMS. The cash management within our business is well defined in the form of processes and a separate Board-approved policy, (i.e. Cash Management Policy). The handling/safe-keeping/incoming and outgoing movement of cash from merchants / within our business / partner banks, accounting, monitoring, verification process is well-documented. Exceptions, if any, are monitored regularly and placed before the Operational Risk Management Committee. Cash maintenance and movement is also subject to approved insurance policies which are being invoked in case of loss

Reputational risk

Incidents relating to reputational risk, if any, are handled as part of our operational risk management framework.

Unusual or Infrequent Events or Transactions

Except as described in this Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "*Significant Factors Affecting our Results of Operations*" above and the uncertainties described in "*Risk Factors*" on page 20. To our knowledge, except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse effect on our income.

Future Relationship between Cost and Revenue

Other than as described in "Risk Factors" and this section, there are no known factors that might affect the future relationship between cost and revenue.

Related Party Transactions

We have entered into various transactions with related parties, including our controlling shareholder (Fino PayTech Limited), and one of our fellow subsidiaries controlled by Fino PayTech Limited being Fino Finance Private Limited, and certain of our KMP, being Rishi Gupta (MD and CEO) and certain relatives of KMP. Such activities and transactions include:

- The allocation by Fino PayTech Limited of a portion of its office space for our employees. The cost to us of this office space is determined based on the number of seats being utilized by us;
- The allocation by Fino Finance Private Limited of a portion of its office space for our employees in locations wherever available and required by us. If utilized, we shall pay Fino Finance Private Limited an amount towards the use of the office premises and overhead costs;.
- We provide CMS to Fino Finance Private Limited; and
- We permit the use of our distribution network to Fino PayTech Limited for purposes of Fino PayTech Limited providing the Fleet card services to BPCL. In turn, Fino PayTech shares revenue with Fino Payments Bank, which is reflected in our commission, exchange and brokerage income.

For the three months ended June 30, 2021 and the financial years 2021, 2020 and 2019, the aggregate amount of such related party transactions was ₹20.50 million ₹93.00 million, ₹128.89 million and ₹184.92 million, respectively.

We cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. Such related party transactions may potentially involve conflicts of interest. For details on our related party transactions, see "*Related Party Transactions*" on page 247 and "*Risk Factors – We engage in related party transactions with our controlling shareholder (Fino PayTech Limited), one of our fellow subsidiaries controlled by Fino PayTech Limited (being Fino Finance Private Limited), and significant shareholders of our controlling shareholder and certain of our KMP, which may potentially involve conflicts of interest*." on page 40.

Qualifications and Matters of Emphasis

For details in relation to auditor qualification and matters of emphasis, see "*Financial Statements* beginning on page 184.

Competitive Conditions

We expect to continue to compete with existing and potential competitors. For details, please refer to the discussions of our competition in the sections "*Risk Factors*" and "*Our Business*" on pages 20 and 125, respectively.

Seasonality and Cyclicality of Business

Although we generally do not experience seasonality in our operations or results, we do observe minor increases in cash withdrawals before and during Indian festivals.

New Products or Business Segments

As of June 30, 2021, we have plans to launch new product and service. See "*Our Business Our Products and Services offerings – Other products– Planned new products*" on page 142.

Except as disclosed in "*Our Business*" on page 125, we have not announced and do not expect to announce in the near future any new products or business segments.

Significant Developments Occurring after June 30, 2021

Except as set out in this Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months, except that:

(a) the Bank issued 3,34,34,999 Equity Shares through a bonus issue in the ratio of 0.75 (point seven five) new bonus equity shares of ₹10 each for every 1 (one) existing fully paid up equity shares of ₹10 each. The record date for the purposes of determining the entitlement for the Bonus Issue was March 23, 2021 and allotment date for the same was July 22, 2021; and

(b) pursuant to a recommendation of our Nomination and Remuneration Committee, the Board of Directors at its meeting held on November 11, 2020 approved the "*Fino Payments Bank Limited - Employees Stock Option Policy, 2020*" ("ESOP 2020") which was approved by the Shareholders at an extra-ordinary general meeting held on May 17, 2021. For details, see *"Capital Structure - Employee Stock Options Plans"* on page 69.

Recent Accounting Pronouncements

As of the date of this Prospectus, there are no recent accounting pronouncements, which would have a material effect on our financial condition or results of operations.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization as at June 30, 2021, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 248, 184 and 20, respectively.

Particulars	Pre-Offer (₹ in million) as at June 30, 2021	Post-Offer*
Debt#		
Short term debt (A)	2,112.84	2,112.84
Long term debt (B)	-	-
Total debt (C = A+B)	2,112.84	2,112.84
Shareholders' Funds		
Share Capital		
Pre- Offer 44,579,997 Equity Shares of Rs. 10 each ^	445.80	-
Post - Offer 83,214,302 Equity Shares of Rs. 10 each	-	832.14
Total Share Capital (D)	445.80	832.14
Reserves and Surplus		
i) Statutory Reserves	51.19	51.19
ii) Investment Fluctuation Reserve	-	-
iii) Share Application Money Pending Allotment	-	-
iv) Employees Stock Options Outstanding	-	-
v) Balance of Profit and Loss Account	(3,004.96)	(3004.96)
vi) Securities Premium	4,044.72	6,658.38
Total reserves and Surplus (E)	1,090.95	4,038.96
Total Shareholder's Funds (F = D+E)	1,536.75	**4,536.75**
Long Term Debt/ Total Shareholder's Fund (G = B/F)	-	**-**
Total Debt/ Total Shareholder's Fund (H = C/F)	1.37	**0.47**

* *Note: The corresponding post-Offer capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the Book Building process and hence the same have not been provided in the above statement.*

\# *Borrowings with original contractual maturity of more than 1 year are classified as long term, per RBI regulations. All other borrowings have been classified as short term.*

^ *Subsequent to June 30, 2021, the Bank has issued and allotted Bonus shares in the ratio of 0.75 shares for every 1 share held (of face value of Rs 10 each). The impact of such allotment has not been taken into account for the above disclosure of information.*

FINANCIAL INDEBTEDNESS

Our Bank avails credit facilities in the ordinary course of business for meeting its working capital requirements and for the purposes of its business.

Set forth below is a brief summary of our aggregate borrowings as of September 30, 2021:

Category of Borrowing	Sanctioned Amount (₹in million)	Outstanding Amount (₹ in million) as on September 30, 2021
Working Capital Financing		
Secured		
Fund based	522.50	483.18
Non-fund based	-	-
Unsecured		
Fund based*	400.00	28.82
Non-fund based*	-	-
Long Term Repo Operation (Secured)	-	2,110.00
Total	922.50	2,622.00

* *Total Sanction Limit for the working capital facilities availed from ICICI Bank is ₹ 400 million, with Non-Fund based sub-limit of ₹ 50 million Interchangeable with Fund based sub-limit of ₹ 400 million.*

Principal terms of the subsisting borrowings of our Bank:

1. ***Interest***: The floating interest rates for the various facilities availed by our Bank includes a spread ranging from 25 to 100 basis points over the interest on fixed deposit rates offered by the lender or the respective lender's MCLR, as applicable, which may vary for each facility.

2. ***Tenor***: The tenor of the facilities availed by our Bank typically ranges between 11 months to 36 months.

3. ***Security***: Except for working capital facility from ICICI Bank, which is unsecured, all the secured facilities availed by our Bank have lien or charge over fixed deposit which the Bank has created with respective lenders.

4. ***Prepayment***: As per the terms of certain facilities availed by our Bank, we are restricted from prepaying amounts outstanding without the prior approval of the lender or other parties as specified in the relevant agreements.

5. ***Repayment:*** Certain facilities availed by our Bank are repayable on demand or before the expiry of the tenure of the facility.

6. ***Restrictive Covenants***: Certain of the loans availed by our Bank contain certain restrictive covenants which require prior approval of the lender, or prior intimation to be made to the lender, for certain specified events or corporate actions, *inter alia*:

   a) Change in capital structure of our Bank;

   b) Change in the management control of our Bank;

   c) Redemption, purchase, buyback, retirement or repayment of share capital, or passing a resolution to do so in the instance any of the sums of money are due and payable to the lender by the Bank;

   d) Change in the constitutional documents of our Bank;

   e) Bank undertaking any merger, consolidation, reorganization (by any corporate action), scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary or permit any company to become its subsidiary;

   f) Declare or pay any dividend or make any distribution of profits or pay any remuneration to its promoters/shareholders or permit withdrawal of amounts brought in; and

   g) Undertake any new business or operations or project or diversification, modernisation or substantial expansion of any of its existing business or operations of any project.

   This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Bank.

7. ***Events of default***:

   In terms of our facility agreements and sanction letters the following, among others, constitute events of default:

   a) Failure or inability to pay amount on due dates;

b) Breach of any covenant, condition, agreement in the loan/facility agreement;

c) False or misleading representation furnished by our Bank;

d) Liquidation, winding up or dissolution of our Bank;

e) Change in control of our Bank without prior approval of the lender; or

f) Any other event or circumstance that could have a material adverse effect on the lender.

This is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Bank.

8. ***Consequences of occurrence of events of default:*** The consequences of occurrence of events of default under our facility agreements and sanction letters are, among others, as follows, whereby the lenders may:

a) Terminate the facility/ loan agreements;

b) Suspend further access to/drawals by our Bank of the facilities;

c) Declare any or all amounts under the facility, either whole or in part, as immediately due and payable to the lender;

d) Convert the whole or part of the outstanding amount into fully paid-up equity shares of our Bank, at par or such other rate acceptable to the lender;

e) Appoint consultant to examine and review the working of our Bank;

f) Review the management set up and require our Bank to restructure it, as may be considered necessary;

g) Sell or otherwise dispose of or deal with any or all of the secured assets.

For the purpose of the Offer, our Bank has intimated and obtained necessary consents from all its lenders , as required under the relevant facility documentations for undertaking activities relating to the Offer including consequent actions, such as change in the capital structure, change in the shareholding pattern of our Bank and/or change in management, amendments to the Articles of Association of our Bank, etc.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*As on the date of this Prospectus, except as stated in this section, there are no (i) outstanding criminal litigations involving our Bank, our Promoter and our Directors ("**Relevant Parties**"); (ii) outstanding actions taken/ penalties imposed by statutory or regulatory authorities involving the Relevant Parties; (iii) outstanding claims involving the Relevant Parties related to direct and indirect taxes, in a consolidated manner, (iv) outstanding litigation as determined to be material by our Board of Directors as per the Materiality Policy (defined below) in accordance with the SEBI ICDR Regulations; (v) outstanding dues to creditors of our Bank as determined to be material by our Board of Directors as per the Materiality Policy in accordance with the SEBI ICDR Regulations; (vi) outstanding dues to micro, small and medium enterprises and other creditors; and (vi) outstanding litigation involving our Group Company which has a material impact on our Bank.*

Except as stated in this section, there are no disciplinary actions including penalty imposed by the SEBI or stock exchanges against our Promoter in the last five Fiscals, including outstanding action.

In relation to (ii) above, please note that any outstanding actions or notices or penalties from the RBI shall be disclosed separately.

In relation to (iii) above, the outstanding claims involving the Relevant Parties related to direct and indirect taxes, shall be disclosed in a consolidated manner. However, the matters shall be disclosed separately in the following cases: (a) tax proceedings against the Bank where the amount involved exceeds 1% of the net worth of the Bank for Fiscal 2021 as per the Restated Financial Statements; and (b) tax proceedings against the Promoter where the amount involved exceeds 1% of the total income of the Promoter for Fiscal 2021 as per the audited consolidated financial statements of the Promoter, each to the extent quantifiable.

*For the purpose of (iv) above, our Board of Directors in its meeting held on July 23, 2021 has considered and adopted a policy on materiality for identification of material litigation involving the Relevant Parties (the "**Materiality Policy**"). In terms of the materiality policy:*

(a) *Outstanding litigation where the claim/ dispute amount, to the extent quantifiable, exceeds 1% of the net worth of the Bank for Fiscal 2021 as per the Restated Financial Statements of the Bank i.e. ₹ 15.05 million shall be considered material; and*

(b) *Outstanding litigation where the claim/ dispute amount, to the extent quantifiable, exceeds 1% of the total income of the Promoter for Fiscal 2021 as per the audited consolidated financial statements of the Promoter i.e. ₹ 86.04 million shall be considered material.*

For the purpose of (v) above, our Board of Directors in its meeting held on October 11, 2021, has considered and adopted a policy on materiality policy on outstanding dues to creditors. In terms of the materiality policy, outstanding dues to any creditor of our Bank having monetary value which exceeds ₹ 12.41 million, which is 5% of the total trade payables of our Bank as per the latest Restated Financial Statements as on June 30, 2021, shall be considered as material.

I. Litigation involving our Bank

a) *Criminal litigation against our Bank*

Nil

b) *Criminal litigation by our Bank*

i. Our Bank has filed a complaint before the Judicial Magistrate First Class, Vashi at Navi Mumbai against M. Srinivasan Mani, a customer sales executive of our Bank for cash collection services from OLA services ("**Accused**") under section 138 of the Negotiable Instruments Act, 1881. As per the complaint, the Accused had misappropriated funds of our Bank amounting to ₹ 0.49 million for his own personal use without consent and knowledge of our Bank ("**Misappropriated Funds**"). Further, an out of court settlement was arrived at between the parties wherein the Accused agreed to repay the Misappropriated Funds, in return for not filing a criminal case against the Accused by our Bank. To repay the Misappropriated Funds, as a part of the settlement, the Accused issued two cheques for ₹ 0.19 million each. However, both these cheques were dishonoured. The Bank brought this to the notice of the Accused and subsequently sent a legal notice to the Accused's residence. The Accused neither replied to the notice nor paid the outstanding amount. Therefore, the Bank has filed a complaint under section 138 of the Negotiable Instruments Act, 1881. The Accused is no longer an employee of our Bank, and the matter is currently pending.

ii. Our Bank has filed a complaint before the Judicial Magistrate First Class, Vashi at Navi Mumbai against Vinay Pandey, a branch manager of our Bank at Andheri MIDC, Mumbai office ("**Accused**") under section 138 of the Negotiable Instruments Act, 1881. As per the complaint, the Accused had misappropriated funds of our Bank for personal use, amounting to ₹ 0.49 million ("**Misappropriated Funds**"). Further, an out of court settlement was arrived at between the parties wherein the Accused agreed to repay the Misappropriated Funds, for not filing a criminal case against the Accused by our

Bank. The Accused repaid a sum of ₹ 0.35 million and for the balance amount he issued a cheque for ₹ 0.14 million. However, this cheque was dishonoured. Our Bank brought this to the notice of the Accused and subsequently sent a legal notice to the Accused's residence. The Accused neither replied to the notice nor paid the outstanding amount. Therefore, our Bank filed a complaint under section 138 of the Negotiable Instruments Act, 1881. The Accused is no longer an employee of our Bank, and the matter is currently pending.

iii. Our Bank, in the ordinary course of its business, has filed 46 FIRs under several sections of the IPC before various police authorities alleging offences relating to criminal breach of trust, cheating, snatching, robbery, theft and dacoity by certain individuals. Such matters are currently pending before various forums.

iv. Our Bank, in the ordinary course of its business, has filed 60 police complaints under various sections of the IPC before various police authorities alleging offences relating to robbery and embezzlement of cash by our employees, fraud, cheating, forgery and criminal breach of trust by our merchants, and cheating and forgery by some of our customers. Such matters are currently pending before various forums.

c) *Civil litigation against our Bank*

i. HDFC Bank Limited ("**Applicant**") has filed a petition ("**Original Application**") before the Debt Recovery Tribunal – II at Mumbai ("**Debt Recovery Tribunal**") against the 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 (acting through Director Social Justice and Empowerment) 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 ₹ 18.62 million, including damages, is owed by the Bank to the Applicant. The Applicant has sought relief from the Debt Recovery Tribunal, praying that *inter alia*, a money decree may be ordered, recovery certificate be issued, and the Bank be directed to insure and continue to insure assets and/or securities.

While the Original Application is pending before the Debt Recovery Tribunal, the Applicant has also sought interim relief from the Debt Recovery Tribunal, praying that *inter alia,* the Bank be directed to deposit a sum of ₹ 18.62 million together with interest at 18% p.a., or to furnish sufficient security to cover the claim, disclose details and insure its movable and immovable properties and assets, restrain the Bank and its officers from disposing properties and assets disclosed. This matter is currently pending.

After the Bank filed DRHP with SEBI, the Applicant filed an interim application before the Debt Recovery Tribunal dated September 21, 2021, praying that *inter alia*, pending the hearing and final disposal of the Original Application, the Bank be directed to furnish the security from the proceeds of the Offer to the extent of a sum of ₹ 18.02 million along with interest at 18% per annum from September 1, 2014 to September 7, 2021, restrain the Bank and its officers from disposing, transferring, alienating, parting with the subscription money collected from the Offer to the extent of the Applicant's claim. This matter is currently pending. For risks related to litigation, see "*Risk Factors – Our business, reputation and financial results could be impacted by adverse results in legal and arbitration proceedings*" on page 34.

ii. Mr. Sachin Khot ("**Plaintiff**") has filed a suit for passing off a trademark before the Bombay High Court against our Promoter, the Bank ("**Defendants 1 & 2**") and GoDaddy India Webs Service Private Limited (together with Defendants 1 & 2, "**Defendants**"). The Plaintiff has alleged that the trademark "FinoPaymentsBank" and the domain "finopaymentsbank" for domain extensions .com, .in, .net, .co.in, .co and .biz are associated with his business and that our Bank, by using the corporate name "Fino Payments Bank", the trade mark "Fino Payments Bank" and domain name "finopaymentbank" with domain extensions .in, .co.in, .net and "myfinopaymentsbank" with domain extensions .com, .in, .co.in and .net, is passing off the Plaintiff's trademark. The Plaintiff has sought relief from the Bombay High Court, praying *inter alia* that, the Bank be restrained by an order and perpetual injunction from using the trademark which is identical to variation of Plaintiff's trademark "FinoPaymentsBank", change its corporate name such that it is not deceptively similar to the name "Fino Payments Bank", and pay a sum of ₹ 0.30 million by way of damages. A written statement has been filed by Defendants 1 & 2, submitting that, *inter alia*, the Promoter is the owner of trademark "*Fino*" and various other trademarks comprising of "*Fino*" which are registered under the Trademarks Act, 1999 and that the Plaintiff do not have any right over the trademark, and he has not filed any document to prove any such right. Further, it was submitted that the Plaintiff has mischievously registered several domain names comprising of the registered trademark "*Fino*" of the Defendants 1& 2 and that the Plaintiff is a habitual cyber squatter who has registered more than 100 domain names comprising of various names of other corporates for unexplained reasons. This matter is currently pending.

In addition to the above suit, the Plaintiff has filed a notice of motion against the Defendants praying that pending the hearing and final disposal of the suit, a temporary injunction be passed against Defendants 1 & 2 from using the trademark "Fino Payments Bank" and using domain names similar to the Plaintiff's trademark "FinoPaymentsBank" and "finopaymentsbank". The Defendants have filed reply to the notice of motion. This matter is currently pending.

d) *Civil litigation by our Bank*

Nil

e) *Tax matters involving our Bank*

i. The Office of Assistant Commissioner of Income Tax Circle (15)(1)(1), Mumbai ("**Assessing Officer**") passed an order dated December 21, 2019 ("**AO Order**") in relation to income tax return filed by our Bank for AY 2017-18. The Assessing Officer disallowed: (a) legal and professional expense of ₹ 41.76 million; (b) training expense of ₹ 21.87 million on the ground that it was for a new business; (c) disallowance of provision of ₹ 3.63 million on the ground that there was a change in ownership; and considered share premium worth ₹ 278.05 million in excess of fair market value. The Assessing Officer added all these amounts (i.e. a sum total of ₹ 345.31 million) to the income of the previous year. Further, the Assessing Officer has ordered for rejection of carry forward losses of earlier year under section 79 of the Income Tax Act. Our Bank has filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai, on January 18, 2020, and the matter is currently pending.

ii. The Income Tax Officer at National Faceless Assessment Centre ("**Assessing Officer**") passed an order dated June 9, 2021 ("**AO Order**") in relation to income tax return filed by our Bank for AY 2018-19. The Assessing Officer disallowed: (a) advertising expense of ₹ 113.07 million; and (b) employees contribution to PF, ESI and other welfare funds for an amount of ₹ 2.52 million on the ground of late deposit as expense; and included additional income amounting to ₹ 140.57 million from rights issue undertaken during the financial year under section 56(2)(viib) of Income Tax Act. The Assessing Officer added all these amounts (i.e., a sum total of ₹ 256.17 million) to the income of the previous year. Further, the Assessing Officer has ordered for rejection of carry forward losses of earlier year under section 79 of the Income Tax Act. Our Bank has filed an appeal before the Commissioner of Income Tax (Appeals), Mumbai, on August 12, 2021, and the matter is currently pending.

iii. The Office of Assistant Commissioner (ST), Kadapa-I Circle ("**Assessing Officer**"), passed three orders on December 31, 2019 under IGST Act, CGST Act and SGST Act respectively. The Assessing Officer conducted an inspection of our branch in Kadapa and asked for production of books of account. On failure of our Bank to produce books of account, along with copies of original purchase invoice and tax invoices, the Assessing Officer computed our tax liability under IGST Act, CGST Act and SGST Act on a best judgement basis on the basis of one-way bill utilisation, GSTR3B returns, SAS Reports etc. The Assessing Officer computed the tax amount to be ₹ 13.20 million under CGST Act, ₹ 4.20 million under IGST Act and ₹ 13.20 million under SGST Act. Our Bank has filed an appeal against these three orders on June 15, 2020 and the matter is pending hearing.

For a summary of tax litigations involving our Bank, please refer to "*Outstanding Litigations and Material Development – Tax Matters*" at page 276.

f) *Actions by regulatory and statutory authorities involving our Bank*

Nil

II. Litigation involving our Promoter

a) *Civil proceedings by our Promoter*

i. Our Promoter and our Bank entered into a tripartite services agreement with Purvanchal Gramin Bank ("Respondent") dated February 1, 2010, for providing business correspondence services. Owing to non-payment of dues to the Promoter, our Promoter invoked the arbitration clause under the tripartite service agreement. The Bombay High Court appointed a sole arbitrator on July 11, 2013. The arbitrator passed an order in favour of our Promoter on August 12, 2016, directing the Respondent to pay a sum of ₹ 61.19 million along with an interest of 9% from February 1, 2013 to the date of final payment of the sum and ₹ 1.15 million as cost. The Respondent challenged the arbitral award before a Single Judge bench of Bombay High Court, which was dismissed. The Respondent has filed an appeal to the Division Bench of Bombay High Court and claimed an amount of ₹ 548.81 million. The Court has admitted the matter, however, it is yet to be listed. While admitting the matter, the Court directed the Respondent to deposit ₹ 96.6 million, which the Promoter can withdraw after furnishing security.

b) *Civil proceedings against our Promoter*

i. Our Promoter is a defendant in the litigation filed by Sachin Khot. For details see, "*Outstanding Litigation and Material Developments – Civil litigation against our Bank*" on page 275;

ii. Our Promoter is a defendant in the litigation filed by HDFC Bank. For details see, "*Outstanding Litigation and Material Developments – Civil litigation against our Bank*" on page 275; and

i. Pranali Raul ("**Petitioner**"), a former employee of our Promoter, has filed a suit challenging her termination from services and has claimed re-instatement with back wages amounting to ₹323.42 million. The matter is currently pending before Civil Court Senior Division, Thane.

c) *Actions by regulatory and statutory authorities involving our Promoter*

Nil

d) *Disciplinary actions including penalty imposed by the SEBI or Stock Exchanges against our Promoter in the last five Financial Years*

Nil

e) *Criminal proceedings against our Promoter*

Nil

f) *Criminal proceedings by our Promoter*

Nil

III. Litigation involving our Directors

Except as disclosed below, there is no outstanding criminal litigation, civil litigation or action taken by statutory or regulatory authorities involving our Directors, as on the date of this Prospectus –

(a) *Civil proceedings by our Directors*

Nil

(b) *Civil proceedings against our Directors*

Nil

(c) *Actions by regulatory and statutory authorities involving our Directors*

i. *Deena Asit Mehta:* Mr. Asit Kumar Mehta acquired certain shares of Asit C Mehta Financial Services, and SEBI alleged that this acquisition was undertaken without making a public offer, therefore, violating the provisions of Takeover Code. On September 29, 2015, SEBI passed an order against Mr. Asit Kumar Mehta and a group of promoters and levied a penalty of ₹ 2.50 million Mrs. Deena Mehta, Director of our Bank, was part of this group of promoters. Mr. Asit Kumar Mehta along with other promoters challenged this SEBI order before the Securities and Appellate Tribunal ("SAT"). The SAT through its order dated March 21, 2016 set aside SEBI's order and restored the matter to SEBI for passing a fresh order on merits and in accordance with law. SEBI upheld its previous order and Mr. Asit Kumar Mehta and promoters approached SAT, which accepted the appeal and set aside SEBI's order through its order dated May 28, 2018. SEBI has filed an appeal in the Supreme Court against the aforesaid order of SAT and the case is pending hearing in the Supreme Court.

ii. *Rajat Kumar Jain:* The Registrar of Companies, Delhi, filed a complaint against the board of directors of Xerox India in 2014. Rajat Jain was then a managing director of Xerox India and was also impleaded in the complaint. This complaint was regarding an excess of ₹ 2.00 million paid to an expat as managerial remuneration. The Registrar of Companies, Delhi, was of view that this amount was wrongly paid, and the amount should be recovered from the expat. It should be noted that this amount was paid in Fiscal 2008-09, when Rajat Jain was not on the board of Xerox India. Rajat Jain and other directors have approached Punjab and Haryana High Court to quash the complaint under section 482 of the Code of Criminal Procedure. While this application is pending, Xerox India has recovered the amount from the expat and disclosed it in its latest annual report, thereby addressing the cause of action.

(d) *Criminal proceedings against our Directors*

Nil

(e) *Criminal proceedings by our Directors*

Nil

IV. Litigation involving our Group Company

For litigation involving our group company which has a material impact on our Bank please refer to "*Our Group Company - Litigation*" at page 181.

V. Tax Matters

Except as disclosed below, there are no outstanding claims related to direct and indirect taxes, involving our Bank, our Directors and our Promoter:

Sr. No.	Particulars	Number	Aggregate amount involved (*in ₹ million*)
Our Bank			
1.	Direct Tax	4	Nil
2.	Indirect Tax	1	30.61
Our Directors			
1.	Direct Tax	Nil	Nil
2.	Indirect Tax	Nil	Nil
Our Promoter			
1.	Direct Tax	3	42.67
2.	Indirect Tax	12	89.14
3.	Other Tax	Nil	Nil
	Total	20	162.42

VI. Outstanding dues to creditors

In terms of the materiality policy, creditors of our Bank to whom an amount exceeding 5% of the total trade payables were due as of June 30, 2021, were considered 'material' creditors. As per the Restated Financial Statements, our total trade payables dues to creditors as of June 30, 2021 was ₹ 248.23 million and accordingly, creditors to whom outstanding dues exceed ₹ 12.41 million have been considered as material creditors for the purposes of disclosure in this Prospectus.

Based on the above criteria, details of outstanding dues owed to the micro, small and medium enterprises, and other creditors as of June 30, 2021 by our Bank are set out below:

Type of Creditors	Number of Creditors	Amount involved (in ₹ million)
Micro, small and medium enterprises	23	77.61
Other creditors	6,728	170.62
Total	6,751	248.23

As of June 30, 2021, there were six material creditors to whom our Bank owed an aggregate amount of ₹ 118.33 million. The details pertaining to outstanding dues owed to our material creditors, along with their names and amount involved for each such material creditor, are available on the website of our Bank at https://www.finobank.com/investor-relations/. It is clarified that such details available on our website do not form a part of this Prospectus and investors should not make any investment decision based on information available on the website of our Bank. Anyone placing reliance on any other source of information, including our Bank's website, would be doing so at their own risk.

VII. Material Developments

Other than as stated in the section entitled *"Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations"* beginning on page 248, there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

In accordance with the applicable provisions of the Companies Act, 2013 and pursuant to resolutions of the Board and Shareholders of the Bank dated March 23, 2021 and July 22, 2021 respectively, the Bank issued 3,34,34,999 Equity Shares through a bonus issue in the ratio of 0.75 (point seven five) new bonus equity shares of ₹10 each for every 1 (one) existing fully paid up equity shares of ₹10 each by capitalising the securities premium account. The record date for the purposes of determining the entitlement for the Bonus Issue was March 23, 2021 and allotment date for the same was July 22, 2021.

Further, pursuant to a recommendation of our Nomination and Remuneration Committee, the Board of Directors at its meeting held on November 11, 2020 approved the "*Fino Payments Bank Limited - Employees Stock Option Policy, 2020*" ("ESOP 2020"), which was approved by the Shareholders at an extra-ordinary general meeting held on May 17, 2021. For details, see *"Capital Structure - Employee Stock Options Plans""* on page 69.

GOVERNMENT AND OTHER APPROVALS

Our Bank is in possession of all approvals which are considered material and necessary for the purpose of undertaking its business activities. Set out below is the list of material approvals obtained by our Bank. In light of these material approvals, our Bank can undertake this Offer and its business activities. In addition, certain of our material approvals may expire in the ordinary course of business, and our Bank has either already made an application to the appropriate authorities for renewal of such material approvals, or is in the process of making such renewal applications. For further details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" beginning on page 150.

I. Incorporation details

1. Certificate of incorporation dated June 23, 2007 was issued to our Bank by the RoC.

2. Fresh certificate of incorporation dated December 15, 2015 consequent to change of name was issued to our Bank by the RoC.

3. Fresh certificate of incorporation dated February 3, 2017 consequent to conversion into a public limited company was issued to our Bank by the RoC.

4. Fresh certificate of incorporation dated April 4, 2017 consequent to change of name was issued to our Bank by the RoC.

5. The CIN of our Bank is U65100MH2007PLC171959.

II. Approvals in relation to the Offer

For details regarding the approvals and authorizations obtained by our Bank in relation to the Offer, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 283.

III. Material approvals in relation to the business operations of our Bank

Regulatory approvals for setting up Payments Bank

1. The RBI has pursuant to its letter dated September 7, 2015 bearing no. DBR. PSBD (PB-FINO). No./3447/16.13.215/2015-16, granted our Promoter an in-principle approval to establish a Payments Bank under section 22 of the Banking Regulation Act.

2. The RBI has pursuant to its letter dated March 30, 2017 bearing no. DBR. NBD. (PB-FINO) No. 11549/16.13.215/2016-17, granted a license bearing no. MUM: 131 to our Bank to carry on the Payments Bank business under section 22 of the Banking Regulation Act.

3. The RBI has, pursuant to a letter dated February 22, 2021, intimated our Bank of its inclusion in the second schedule to the RBI Act, vide its notification no. DoR.NBD.No.2138/16.03.005/2020-21 dated January 1, 2021, published in the Gazette of India (Part III – Section 4) in the issue of February 13 – February 19, 2021.

Regulatory approvals for carrying on the business of Payments Bank

1. The RBI, pursuant to its license dated March 30, 2017, authorised our Bank to undertake prepayment instrument business.

2. The RBI, pursuant to a letter dated June 6, 2017, provided our Bank no objection for distribution of insurance products on a non-risk sharing basis i.e. without any commitment of our funds.

3. The RBI has, pursuant to its certificate dated January 29, 2018, authorised our Bank as an authorised dealer-category II under FEMA.

4. The RBI, pursuant to a letter dated April 20, 2018, provided our Bank no objection for distribution of mutual fund units on a non-risk sharing basis.

5. The RBI, pursuant to a letter dated June 7, 2018, authorised our Bank to open minimal KYC wallets and Earnest Money Deposit (EMD) Accounts for our Business Correspondents (BCs).

6. The RBI, pursuant to a letter dated July 24, 2018, provided our Bank no objection for providing third party referral services to our customers for availing gold loan, personal loan, pre-approved loan, home loan, two wheeler loan, four-wheeler loan and loan against property from other banks and NBFCs.

7. The RBI has, pursuant to its letter dated September 3, 2019, authorised our Bank to refer customers for availing business loans from NBFCs.

8. The IRDAI has issued a certificate of renewal registration dated April 3, 2020 to our Bank as a Category Corporate Agent (Composite).

RBI approvals – Annual Branch Expansion Plan

The RBI has, pursuant to the letters set forth below, permitted our Bank to open:

1. 10,656 access points consisting of 3,955 access points in metro areas, 2,714 access points in urban areas, 1,281 access points in semi-urban areas and 2,706 access points in rural areas pursuant to its letter dated May 16, 2017.

2. 153 general banking branches consisting 93 branches in Tier 1 centres (as identified by RBI) and 60 branches in Tier 2 to Tier 6 centres (as identified by RBI) pursuant to its letter dated May 16, 2017.

3. 125 branches in locations mentioned in the authorisation letter pursuant to its letter dated June 29, 2017.

4. 9,098 banking outlets consisting of 2,041 banking outlets in metro centres, 1,196 banking outlets in urban centres, 1,355 banking outlets in semi-urban centres and 4,506 banking outlets in rural areas pursuant to its letter dated May 8, 2019.

5. 80,000 banking outlets/part time banking outlets consisting of 3,390 banking outlets in metro centres, 19,979 banking outlets in urban centres, 20,355 banking outlets in semi-urban centres and 36,276 banking outlets in rural areas pursuant to its letter dated May 8, 2019.

6. 1,25,102 banking outlets/part time banking outlets consisting of 4,349 banking outlets in metro centres. 31,603 banking outlets in urban centres, 35,936 banking outlets in semi-urban areas and 53,214 banking outlets in rural centres pursuant to its letter dated July 9, 2019.

7. 2,02,061 part time banking outlets consisting of 34,113 banking outlets in metro centres. 5,692 banking outlets in urban centres, 12,384 banking outlets in semi-urban areas and 1,49,872 banking outlets in rural centres pursuant to its letter dated May 23, 2020.

8. 2,50,000 part time banking outlets consisting of 7,500 part time banking outlets in metro areas, 15,000 part time banking outlets in urban centres, 40,000 part time banking outlets in semi-urban centres and 1,87,500 part time banking outlets in rural centres pursuant to its letter dated April 5, 2021.

Tax related approvals

1. The permanent account number of our Bank is AABCF1125D.

2. The tax deduction account number of our Bank is MUMF05134D.

3. GST registrations issued under the central and state specific GST laws, as applicable to our Bank.

IV. Key approvals obtained for the material Banking Outlets of our Bank

As of March 31, 2021 our Bank has obtained registrations in the normal course of business for its Banking Outlets across various states in India including registration under shops and establishments related laws, RBI approvals for opening of Banking Outlets, allotment of MICR Codes and registrations under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948, each as amended. Our Bank has obtained GST registrations with the relevant authorities for its Banking Outlets. Certain approvals may lapse in their normal course and our Bank has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications.

V. Pending applications

1. Applied for permission to act as Business Correspondents for Suryoday Small Finance Bank to carry out referral service of Term Deposit products in the form of Fixed Deposits and Recurring Deposits on March 5, 2021.

2. Applied for final approval to operate as a Bharat Bill Payment Operating Unit to RBI on June 9, 2021.

3. Applied for approval to provide online referral platform for trading and investments to RBI on August 23, 2021.

4. Applied for license to act as an Indian agent under Money Transfer Service Scheme (MTSS) on September 17, 2021.

VI. Approvals for which no application has been made

Nil

VII. Intellectual property

We have obtained trademark of our logo under class 36. We have obtained no objection certificates from our Promoter and our Group Company Fino Finance Private Limited, for use of the following trademarks:

Sr. No.	Trade Mark Number	Class	Brand	Label
The following trademarks are registered in the name of Fino PayTech Limited, our Bank received a no objection certificate for their use on May 20, 2021 and July 15, 2021				
1	3445478	36	FINO [Blue Background]	
2	3445479	42	FINO [Blue Background]	
3	3445477	42	FINO [White Background]	
4	3445476	36	FINO [White Background]	
5	1540585	36	FINO [Label] Financial Information Network & Operations Ltd	
6	3434554	36	BPAY [Label]	
7	3434560	42	BPAY [Label]	
8	2469562	36	Umang [Label]	
9	2664940	42	ePARICHAY (DEVICE)	
10	2664939	36	ePARICHAY (DEVICE)	
11	2128331	36	FINO MITRA	
The following trademarks are registered in the name of Fino Finance Private Limited, our Bank received a no objection certificate for their use on June 2, 2021				
12	3585694	36	FINO [Blue Background]	
13	3585693	36	FINO [White Background]	

For risk related to no objection certificate see – "*Risk Factors – We have permission to use brands which are owned by our Promoter, Fino PayTech Limited, such as the "FINO" and "Bpay" brands and as such are exposed to the risk that these brands may be affected by events beyond our control and that our Promoter may prevent us from using them in the future.*" on page 31.

We have also registered our domain name, www.finobank.com. Further, we have applied for registration of four trademarks under two classes in the name of our Bank.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Fresh Issue pursuant to the resolution passed at its meeting held on October 12, 2021 and our Shareholders have approved the Fresh Issue pursuant to a resolution dated October 12, 2021 in terms of Section 62(1)(c) of the Companies Act, 2013. The Draft Red Herring Prospectus was approved by our Board pursuant to a resolution passed on July 29, 2021 and the Red Herring Prospectus was approved by our Board pursuant to a resolution passed on October 22, 2021. This Prospectus has been approved by our Board pursuant to its resolution dated November 3, 2021.

Our Promoter Selling Shareholder has confirmed and approved its participation in the Offer for Sale in relation to its portion of Offered Shares (subject to finalisation of the Basis of Allotment). For details, see "*The Offer*" on page 49.

Our Bank has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated August 25, 2021 and August 27, 2021, respectively.

Pursuant to RBI In-Principle Approval and RBI License, the Equity Shares of our Bank are mandatorily required to be listed within a period of three years from reaching a net worth of ₹ 5,000.00 million.

(A) Prohibition by SEBI or other Governmental Authorities:

Our Bank, Promoter, members of the Promoter Group, Directors, persons in control of our Bank and the persons in control of our Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoter and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Except for our Director Deena Asit Mehta, who is also a director in Asit C Mehta Investment Intermediaries Limited, a SEBI registered intermediary, none of our Directors are associated with securities market related business, in any manner and there has been no outstanding actions initiated by SEBI against our Directors in the five years preceding the date of this Prospectus. For details see, "*Outstanding Litigation and Material Developments – Litigation involving our Directors*" on page 274.

Our Bank, Promoter or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoter or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Our Promoter Selling Shareholder confirms that it has not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other governmental authority in India or any securities market regulator in any other jurisdiction or any other authority/court.

(B) Confirmation under Companies (Significant Beneficial Owners) Rules, 2018:

Our Bank, Promoter, and members of the Promoter Group, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Prospectus.

(C) Eligibility for the Offer

Our Bank is eligible for the Offer in accordance with the Regulation 6(2) of the SEBI ICDR Regulations, which states as follows:

"*An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book building process and the issue undertakes to allot at least seventy five per cent of the offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.*"

We are an unlisted company, not satisfying the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and are therefore required to allot not less than 75% of the Offer to QIBs to meet the conditions as detailed under Regulation 6(2) of the SEBI ICDR Regulations. In the event we fail to do so, the full application monies shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations.

Further, in terms of Regulation 49(1) of the SEBI ICDR regulations, our Bank shall ensure that the number of Bidders to whom the Equity Shares will be allotted will not be less than 1,000.

The status of compliance of our Bank with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Bank, the Promoter, members of the Promoter Group, and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoter or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Bank, nor our Promoter, or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except employee stock options granted pursuant to the ESOP Plan, there are no outstanding convertible securities of our Bank or any other right which would entitle any person with any option to receive Equity Shares of our Bank as on the date of filing of this Prospectus;

(vi) Our Bank along with the Registrar to our Bank, has entered into tripartite agreements dated May 15, 2021 and June 17, 2021 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

(vii) Our Bank will file an application for in-principle approval for listing of its Equity Shares on Stock Exchanges;

(viii) The Equity Shares of our Bank held by our Promoter are in the dematerialised form;

(ix) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Prospectus

(x) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance.

(D) DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, BEING AXIS CAPITAL LIMITED, CLSA INDIA PRIVATE LIMITED, ICICI SECURITIES LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 30, 2021 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer have been complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer have been complied with at the time of filing of this Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

(E) Disclaimer clause of RBI

Our Bank has obtained a license authorizing us to carry on payments bank business from the Reserve Bank of India in terms of section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the license, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Bank of for the correctness of any of the statements made or opinion expressed in this connection.

(F) Disclaimer from our Bank, our Directors, the Promoter Selling Shareholder and BRLMs

Our Bank, our Directors, the Promoter Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Bank's instance and anyone placing reliance on any other source of information, including our Bank's website www.finobank.com, or the respective websites of our Promoter, Promoter Group or any affiliate of our Bank would be doing so at his or her own risk. The Promoter Selling Shareholder, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Prospectus other than those specifically made or confirmed by it in relation to itself as a Promoter Selling Shareholder and its proportion of the Offered Shares

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Bank, the Promoter Selling Shareholder and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

None among our Bank, the Promoter Selling Shareholder or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Bank, the Promoter Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Promoter Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Bank, the Promoter Selling Shareholder their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Bank, the Promoter Selling Shareholder, and their respective directors, officers, agents, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. ICICI Securities Limited would be involved only in the marketing of the Offer.

(G) Disclaimer in respect of Jurisdiction

This Offer was in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, Systemically Important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

Neither the delivery of this Prospectus nor the Offer of the Offered Shares shall, under any circumstances, create any implication that there has been no change in the affairs of our Bank or the Promoter Selling Shareholder since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to this date.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises this Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

(H) Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occur; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act), pursuant to Section 4(a) of the U.S Securities Act.

We intend to rely on an exception from the definition of investment company under the U.S. Investment Company Act of 1940, as amended, in connection with this Offer.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

(I) Disclaimer Clause of BSE

BSE Limited ("the Exchange") has given vide its letter dated August 25, 2021 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever

(J) Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/1125 dated August 27, 2021 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

(K) Listing

The Equity Shares issued through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

(L) Consents

Consents in writing of: (a) the Promoter Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, our CFO, Banker(s) to the Bank, Statutory Auditor, legal counsels appointed for the Offer, legal counsel to the Promoter Selling Shareholder as to Indian law, the BRLMs, the Registrar to the Offer, in their respective capacities, have been obtained; (b) CRISIL has been obtained; (c) Expert to the Offer has been obtained; and (d) the Syndicate Members, the Banker(s) to the Offer/ Escrow Collection Bank/ Refund Bank, Sponsor Bank and Banker to our Bank, to act in their respective capacities, have been obtained and will be filed along with a copy of this Prospectus with the RoC as required under the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus.

(M) Expert to the Offer

Except as stated below, our Bank has not obtained any expert opinions:

Our Bank has received written consent dated October 22, 2021 from our Statutory Auditors namely, MSKC & Associates, Chartered Accountants to include their name as an "expert" as defined under Section 2(38) of the Companies Act in relation to the Restated Financial Statements, the examination report dated October 11, 2021 on the Restated Financial Statements, and the statement of possible special tax benefits dated October 21, 2021, included in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

(N) Particulars regarding capital issues by our Bank and listed group companies, subsidiaries or associate entity during the last three years

Other than as disclosed in "*Capital Structure*" on page 62, our Bank has not made any capital issues during the three years preceding the date of this Prospectus. Our Bank does not have any subsidiary, associate company or any listed group company.

(O) Commission and Brokerage paid on previous issues of the Equity Shares in the last five years

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Bank's incorporation.

(P) Performance vis-à-vis objects – Public/ rights issue of our Bank

(Q) Except as disclosed in "*Capital Structure –Share capital history of our Bank*" on page 62, our Bank has not undertaken any public issue or rights issue in the five years preceding the date of this Prospectus. The objects for which the rights issues were undertaken have been achieved without any delay or shortfall.

(R) Performance vis-à-vis objects – Public/ rights issue of the listed subsidiaries or listed promoter of our Bank

Our Bank does not have any subsidiaries or listed promoter.

(S) Price information of past issues handled by the BRLMs

A. Axis Capital Limited

1. *Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	11-Oct-21	715.00	-	-	-
2	Ami Organics Limited	5,696.36	610.00	14-Sep-21	910.00	+117.07%, [+4.50%]	-	-
3	Chemplast Sanmar Limted	38,500.00	541.00	24-Aug-21	550.00	+2.06%, [+5.55%]	-	-
4	Nuvoco Vistas Corporation Limited	50,000.00	570.00	23-Aug-21	485.00	-5.91%, [+6.46%]	-	-
5	Cartrade Tech Limited	29,985.13	1,618.00	20-Aug-21	1,599.80	-10.31%, [+6.90%]	-	-
6	Clean Science And Technology Limited	15,466.22	900.00	19-Jul-21	1,755.00	+66.33%, [+5.47%]	+138.53%, [+16.42%]	-
7	India Pesticides Limited	8,000.00	296.00	5-Jul-21	350.00	+12.64%, [+1.87%]	+4.26%, [+10.72%]	-
8	Krishna Institute Of Medical Sciences Limited!	21,437.44	825.00	28-Jun-21	1,009.00	+48.10%, [-0.43%]	+48.35%, [+12.89%]	-
9	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%, [-0.43%]	+40.02%, [+12.89%]	-
10	Shyam Metalics And Energy Limited@	9,085.50	306.00	24-Jun-21	380.00	+40.95%, [+0.42%]	+22.65%, [+11.22%]	-

Source: www.nseindia.com

@ *Offer Price was₹ 291.00 per equity share to Eligible Employees*

! *Offer Price was₹ 785.00 per equity share to Eligible Employees*

Notes:

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY is considered as the Benchmark Index.*
c. *Price on NSE is considered for all of the above calculations.*
d. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. *Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited*

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-2022*	12	240,583.72	-	-	2	2	4	3	-	-	-	2	-	-
2020-2021	11	93,028.90	-	-	6	2	1	2	-	1	1	4	3	2
2019-2020	5	161,776.03	-	1	2	-	-	2	1	1	-	-	-	3

* *The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

B. CLSA India Private Limited

1. Price information of past issues handled by CLSA India Private Limited

S. No.	Issue name	Issue size (in ₹ million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Devyani International Limited	18,380.00	90.00	16-Aug-21	140.90	+32.83%, [+4.93%]	-	-
2	Burger King India Limited	8,100.00	60.00	14-Dec-20	112.50	+146.50%, [+7.41%]	+135.08%, [+10.86%]	+168.25%, [+16.53%]

Source: www.nseindia.com

Notes:

a. *The CNX NIFTY is considered as the Benchmark Index.*
b. *Price on NSE is considered for all of the above calculations.*
c. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
d. *Since 90 and 180 calendar days, from listing date has not elapsed for the issue in the Financial Year 2021-2022, data for same is not available.*

2. Summary statement of price information of past issues handled by CLSA India Private Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	1	18,380.00	-	-	-	-	1	-	-	-	-	-	-	-
2020-21	1	8,100.00	-	-	-	1	-	-	-	-	-	1	-	-
2019-20	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

a. *For 2021-22, the information is as on the date of this Offer Document*
b. *The Total number of IPOs and the Total amount of funds raised have been included for each financial year based on the IPO listed during such financial year*
c. *Since 180 calendar days, from listing date has not elapsed for the above issue in the Financial Year 2021-2022, data for same is not available*

C. ICICI Securities Limited

1. Price information of past issues handled by ICICI Securities Limited

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Shyam Metalics and Energy Limited	9,087.97	306.00(1)	24-Jun-21	380.00	+40.95%,[+0.42%]	+22.65%,[+11.22%]	NA*
2	Dodla Dairy Limited	5,201.77	428.00	28-Jun-21	550.00	+44.94%,[-0.43%]	+40.02%,[+12.89%]	NA*
3	G R Infraprojects Limited	9,623.34	837.00(2)	19-Jul-21	1,715.85	+90.82%,[+5.47%]	+138.85%,[+16.42%]	NA*
4	Tatva Chintan Pharma Chem Limited	5,000.00	1,083.00	29-July-21	2,111.85	+92.54%,[+5.87%]	+136.37%,[+15.78%]	NA*
5	Nuvoco Vistas Corporation Limited	50,000.00	570.00	23-Aug-21	485.00	-5.91%,[+6.46%]	NA*	NA*
6	Chemplast Sanmar Limited	38,500.00	541.00	24-Aug-21	550.00	+2.06%,[+5.55%]	NA*	NA*
7	Aptus Value Housing Finance India Limited	27,800.52	353.00	24-Aug-21	333.00	-2.82%,[+5.55%]	NA*	NA*
8	Vijaya Diagnostic Centre Limited	18,944.31	531.00(3)	14-Sept-21	540.00	+5.41%,[+4.50%]	NA*	NA*
9	Sansera Engineering Limited	12,825.20	744.00(4)	24-Sept-21	811.50	+0.35%,[+1.47%]	NA*	NA*
10	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	11-Oct-21	715.00	NA*	NA*	NA*

* *Data not available*

(1) *Discount of Rs. 15 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 306.00 per equity share.*
(2) *Discount of Rs. 42 per equity share offered to eligible employees All calculations are based on Issue Price of Rs. 837.00 per equity share.*
(3) *Discount of Rs. 52 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 531.00 per equity share.*
(4) *Discount of Rs. 36 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 744.00 per equity share.*

2. Summary statement of price information of past issues handled by ICICI Securities Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	11	229,665.67	-	-	2	2	3	3	-	-	-	1	-	-
2020-21	14	174,546.09	-	-	5	5	2	2	-	1	3	5	3	2
2019-20	4	49,850.66	-	-	2	-	1	1	1	-	-	2	-	1

* This data covers issues upto YTD

Notes:

a. *All data sourced from www.nseindia.com, except for Computer Age Management Services Limited for which the data is sourced from www.bseindia.com*
b. *Benchmark index considered is NIFTY*
c. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day*

D. Nomura Financial Advisory and Securities (India) Private Limited

1. Price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

S. No.	Issue name	Issue size (in ₹ million)	Issue Price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, 30th calendar days from listing	+/- % change in closing price, 90th calendar days from listing	+/- % change in closing price, 180th calendar days from listing
1.	Sansera Engineering	12,829.78	744.00	September 24, 2021	811.50	+0.35% [+1.47%]	Not applicable	Not applicable
2.	CarTrade Tech Limited	29,985.13	1,618.00	August 20, 2021	1,599.80	-10.31% [+5.75%]	Not applicable	Not applicable
3.	Sona BLW Precision Forgings	55,500	291	June 24, 2021	301.00	+45.45% [+0.47%]	+94.54%[+11.22%]	Not applicable
4.	Nazara Technologies	5,826.91	1,101[1]	March 30, 2021	1,990.00	+62.57% [+0.13%]	+38.22%[+6.84%]	+96.19% [+20.26%]
5.	Gland Pharma	64,795.45	1,500	November 20, 2020	1,710.00	+48.43% [+7.01%]	+57.27% [+18.27%]	+104.17%[17.49%]
6.	Computer Age Management Services Limited	22,421.05	1,230[2]	October 1, 2020	1,518.00	+5.43%[+2.37%]	+49.52%[+23.04%]	+43.80%[+26.65%]
7.	Happiest Minds Technologies	7,020.16	166	September 17, 2020	350.00	+96.05% [+2.14%]	+93.25% [+17.82%]	+221.27%[+29.64%]
8.	SBI Cards & Payment Services Limited	103,407.88	755[3]	March 16, 2020	661.00	-33.05%,[-2.21%]	-21.79%, [+8.43%]	+12.50% [+24.65%]
9.	Affle (India) Limited	4,590.00	745	August 8, 2019	926.00	+12.56%, [-0.78%]	+86.32%,[+8.02%]	+135.49%,[+6.12%]

Source: www.nseindia.com

1. *Discount of INR110.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
2. *Discount of INR122.00 per Equity Share was offered to eligible employees bidding in the Employee Reservation Portion*
3. *Price for Eligible Employees bidding in the Employee Reservation Portion was INR680.00 per equity share*

Notes:

a. *Nifty is considered as the benchmark index except for Computer Age Management Services Limited where SENSEX is considered as benchmark index*
b. *Price on NSE is considered for all of the above calculations except for Computer Age Management Services Limited.*
c. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
d. *Not applicable – Period not completed*

2. Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2021-22	3	98,314.91	-	-	1	-	1	1	-	-	-	-	-	-
2020-21	4	100,063.57	-	-	-	2	1	1	-	-	-	2	1	-
2019-20	2	107,997.88	-	1	-	-	-	1	-	-	-	1	-	1

Source: www.nseindia.com

Notes:

a. The information is as on the date of this document

b. The information for each of the financial years is based on issues listed during such financial year.

(T) Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1.	Axis Capital Limited	www.axiscapital.co.in
2.	CLSA India Private Limited	www.india.clsa.com
3.	ICICI Securities Limited	www.icicisecurities.com
4.	Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html

(U) Stock Market Data of Equity Shares

This being an initial public offer of our Bank, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

(V) Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Bank for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, UPI ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/ partially allotted applications, for the stipulated period. In the event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Book Running Lead Managers shall compensate the investors at the rate higher of ₹ 100 or 15% per annum of the application amount for the period of such delay.

Investors can contact the Company Secretary and Compliance Officer, the Book Running Lead Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Bidders. Our Bank, the Promoter Selling Shareholder, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

(W) Disposal of Investor Grievances by our Bank

Our Bank has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Bank estimates that the average time required by our Bank or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be ten Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Bank will seek to redress these complaints as expeditiously as possible.

Our Bank has appointed Basavraj Loni, as the Company Secretary and Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, see "*General Information*" on page 54.

Our Bank has also constituted a Stakeholders' Relationship Committee comprising of Suresh Kumar Jain (*Chairman*), Rishi Gupta and Rajat Kumar Jain as members, to review and redress shareholder and investor grievances. For details, see "*Our Management-Stakeholder and Relationship Committee*" on page 168.

As on the date of the Draft Red Herring Prospectus and the Red Herring Prospectus, there were no pending investor complaints. Our Bank has not received any investor complaint in the three years prior to the filing of this Prospectus.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, the Banking Regulation Act, the RBI Act, the Payments Bank Licensing Guidelines, RBI License, SEBI Listing Regulations, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, Offer for Sale and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

(A) Ranking of Equity Shares

The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Bank after the date of Allotment. The Equity Shares issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association, the SEBI Listing Regulations and shall rank pari passu with the existing Equity Shares in all respects including dividends. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 320.

(B) Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Bank after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see "*Dividend Policy*" and "*Description of Equity Shares and Terms of Articles of Association*" beginning on pages 183 and 320, respectively.

(C) Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10, and the Offer Price at Floor Price is ₹560 per Equity Share and at Cap Price is ₹577 per Equity Share. The Anchor Investor Offer Price is ₹577 per Equity Share.

The Price Band, the minimum Bid Lot size was decided by our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, and were advertised in all editions of Financial Express, an English national daily newspaper and all editions of Jansatta, a Hindi national daily newspaper and Mumbai editions of Nav Shakti, a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located) each with wide circulation and were made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, were pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. The Offer Price has been determined by our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination for the Equity Shares.

(D) The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by the Promoter Selling Shareholder.

Expenses for the Offer shall be shared amongst our Bank and the Promoter Selling Shareholder in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 72.

(E) Compliance with disclosure and accounting norms

Our Bank shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

(F) Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the AoA, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the AoA of our Bank and other applicable laws.

For a detailed description of the main provisions of the AoA of our Bank relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 320.

(G) Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares were Allotted only in dematerialised form. As per the SEBI ICDR Regulations and the SEBI Listing Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been entered into amongst our Bank, the respective Depositories and Registrar to the Offer:

- Tripartite agreement dated May 15, 2021 amongst our Bank, NSDL and Registrar to the Offer.
- Tripartite agreement dated June 17, 2021 amongst our Bank, CDSL and Registrar to the Offer.

(H) Market Lot and Trading Lot

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in dematerialised form and in multiples of one Equity Share subject to a minimum Allotment of 25 Equity Shares. For the method of basis of allotment, see "*Offer Procedure*" on page 304.

(I) Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

(J) Nomination facility to investors

In accordance with Section 72 of the Companies Act, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation or variation. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Bank.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with. Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Bank. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

(K) Withdrawal of the Offer

Our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, reserve the right not to proceed with the Offer, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Bank would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. Our Bank shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchanges will also be informed promptly.

If our Bank or the Promoter Selling Shareholder withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Bank shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Bank shall apply for after Allotment, and the final RoC approval of this Prospectus after it is filed with the RoC.

(L) Bid/ Offer Programme

BID/ OFFER OPENED ON	Friday, October 29, 2021(1)
BID/ OFFER CLOSED ON	Tuesday, November 2, 2021

(1) The Anchor Investor Bid/ Offer Period was one Working Day prior to the Bid/ Offer Opening Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Tuesday, November 9, 2021
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Wednesday, November 10, 2021
Credit of Equity Shares to demat accounts of Allottees	On or about Thursday, November 11, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Friday, November 12, 2021

* *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.*

(M) The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation or liability on our Bank, the Promoter Selling Shareholder, or the BRLMs.

Whilst the Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date, or such other period as may be prescribed by the SEBI, the timetable may be extended due to various factors, such as any delay in receiving the final listing and trading approval from the Stock Exchanges, and delay in respect of final certificates from SCSBs. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Prospectus may result in changes to the abovementioned timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“**IST**”)

Bid/ Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/ Offer Closing Date, the Bids were required to be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs and Eligible Employees Bidding under the Employee Reservation Portion.

On Bid/ Offer Closing Date, extension of time was granted by the Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the Registrar to the Offer on a daily basis. To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per Bid/ batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

(N) It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, and the Sponsor Bank would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Offer Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Offer Closing Date, and in any case no later than 3:00 p.m. IST on the Bid/ Offer Closing Date. Any time mentioned in this Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids were received on the Bid/ Offer Closing Date, some Bids could not have been uploaded due to lack of sufficient time. Such Bids that could not be uploaded were not considered for allocation under this Offer. Bids were accepted only during Working Days, during the Bid/ Offer Period. Bids were be accepted only during Monday to Friday (excluding any public holiday), during the Bid/Offer period. Bids and revisions were not accepted on Saturdays and public holidays. Bids by ASBA Bidders were uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges.

Neither the Promoter Selling Shareholder, nor our Bank, nor any member of the Syndicate are liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

(O) Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Bank does not make the minimum Allotment as specified under terms of the Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/Offer Closing Date due to withdrawal of Bids or technical rejections or any other reason, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, the Promoter Selling Shareholder, to the extent applicable, and our Bank shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Promoter Selling Shareholder, to the extent applicable, and our Bank shall pay interest prescribed under the applicable law.

Further, our Bank shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Promoter Selling Shareholder, to the extent applicable and our Bank shall be liable to pay interest on the application money in accordance with applicable laws.

In the event of an undersubscription in the Offer, Equity Shares the Equity Shares will be Allotted in the following order:

i) such number of Equity Shares will first be Allotted by our Bank such that 90% of the Fresh Issue portion is subscribed;

ii) upon (i), all the Equity Shares held by the Promoter Selling Shareholder and offered for sale in the Offer for Sale will be Allotted (in proportion to the Offered Shares being offered by Promoter Selling Shareholder); and

iii) once Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Bank towards the balance 10% of the Fresh Issue portion.

No liability to make any payment of interest or expenses shall accrue to any Promoter Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Promoter Selling Shareholder and to the extent of its portion of the Offered Shares.

(P) Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots since our Equity Shares will be traded in dematerialised form only and market lot for our Equity Shares will be one Equity Share.

(Q) Restrictions, if any on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Bank, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 62 and except as provided under the Banking Regulation Act and under the rules and regulations made thereunder and the AoA, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares of our Bank and on their consolidation or splitting, except as provided in the AoA. For details, see "*Description of Equity Shares and terms of Articles of Association*" beginning on page 320.

In accordance with Section 12B of the Banking Regulation Act read with Guidelines for Licensing of Payments Banks, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For further details, see *"Key Regulations and Policies"* and "*Offer Procedure*" on pages 150 and 304, respectively.

OFFER STRUCTURE

Offer of 2,08,02,305* Equity Shares for cash at a price of ₹577 per Equity Share (including a premium of ₹567 per Equity Share) aggregating to ₹ 12,002.93* million comprising a Fresh Issue of 51,99,306* Equity Shares aggregating to ₹ 3,000* million by our Bank and an Offer for Sale of 15,602,999* Equity Shares aggregating to ₹9,002.93* million by the Promoter Selling Shareholder. The Offer shall constitute 25.00%* % of the post-Offer paid-up Equity Share capital of our Bank.

*Subject to finalisation of the Basis of Allotment.

The face value of the equity shares is ₹10 each.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees[#]	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation[(2)]	₹ 30* million	Not less than 1,55,62,735* Equity Shares	Not more than 31,12,546* Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not more than 20,75,031* Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	The Employee Reservation Portion constituted 0.25% of the Offer Size	Not less than 75% of the Offer was made available for allocation to QIBs. However, up to 5% of the Net QIB Portion (i.e. excluding the Anchor Investor Portion) was available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were also eligible for allocation in the Net QIB Portion (i.e. excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion was available for allocation to other QIBs	Not more than 15% of the Offer or the Offer less allocation to QIBs and Retail Individual Bidders was available for allocation	Not more than 10% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders was available for allocation
Basis of Allotment/ allocation if respective category is oversubscribed	Proportionate#; unless the Employee Reservation Portion is undersubscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion may be allocated, on a proportionate basis, to Eligible Employees for a value exceeding ₹ 200,000, subject to total Allotment to an	(a) Proportionate as follows (excluding the Anchor Investor Portion): (b) up to 3,11,255* Equity Shares were available for allocation on a proportionate basis to Mutual Funds only; and (c) 59,13,839* Equity Shares were available for allocation on a proportionate	Proportionate	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, was allotted on a proportionate basis. For details see, "*Offer Procedure*" on page 304.

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
	Eligible Employee not exceeding ₹ 500,000	basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to 93,37,641* Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third was available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price		
Minimum Bid	25 Equity Shares	Such number of Equity Shares and in multiples of 25 Equity Shares so that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of 25 Equity Shares so that the Bid Amount exceeds ₹200,000 and in multiples of 25 Equity Shares thereafter	25 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 25 Equity Shares, so that the maximum Bid Amount by each Eligible Employee in Eligible Employee Portion does not exceed ₹ 500,000	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid does not exceed the Offer, subject to applicable limits	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid does not exceed the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of 25 Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form			
Bid Lot	25 Equity Shares and in multiples of 25 Equity Shares thereafter			
Allotment Lot	A minimum of 25 Equity Shares and thereafter in multiples of one Equity Share			
Trading Lot	One Equity Share			
Who can apply(3) (4)	Eligible Employees (such that the Bid Amount does not exceed ₹ 500,000)	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250.00	Resident Indian individuals, Eligible NRIs on a non-repatriable basis, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices.	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	Eligible Employees#	QIBs(1)	Non-Institutional Bidders	Retail Individual Bidders
		million, pension fund with minimum corpus of ₹250.00 million National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.		
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount was payable by the Anchor Investors at the time of submission of their Bids(4) **In case of all other Bidders**: Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for RIBs using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form			
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).			

**Subject to finalisation of the Basis of Allotment*

 # Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of undersubscription in the Employee Reservation Portion the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Offer and such Bids will not be treated as multiple Bids subject to applicable limits.

(1) *Our Bank and the Promoter Selling Shareholder, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100.00 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100.00 million but up to ₹ 2,500.00 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500.00 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500.00 million, and an additional 10 Anchor Investors for every additional ₹ 2,500.00 million or part thereof will be permitted, subject to minimum allotment of ₹ 50.00 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100.00 million. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion was added to the Net QIB Portion.*

(2) *Subject to valid Bids being received at or above the Offer Price. This is an Offer in terms of Rule 19(2)(b) of the SCRR in compliance with Regulation 6(2) of the SEBI ICDR Regulations.*

(3) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Bank reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.*

(4) *Full Bid Amount was payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price was payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

(5) *Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on page 308 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.*

(6) *Bidders will be required to confirm and will be deemed to have represented to our Bank, the Promoter Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

Eligible Employees bidding in the Employee Reservation Portion at a price within the Price Band can make payment based on Bid Amount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion at the Cut-Off Price have to ensure payment at the Cap Price, at the time of making a Bid.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion, the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Bank and the Promoter Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Terms of the Offer*" on page 295.

In terms of the Banking Regulation Act read with Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, every person who intends to make an acquisition /make an agreement for acquisition which will/is likely to take the aggregate holding of such person together with shares/voting rights/compulsorily convertible debentures/bonds held by him, his relatives, associate enterprises and persons acting in concert with him, to five per cent or more of the paid-up share capital of a bank or entitles him to exercise five per cent or more of the total voting rights of a bank, shall seek prior approval of RBI. Accordingly, it is the responsibility of each Bidder to seek RBI approval, if the Bids submitted by such Bidder for such number of Equity Shares as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such Bidder) ("**Other Persons**") aggregate to five per cent or more of the post-Offer paid-up share capital of our Bank. It may be noted that in the event an approval from RBI is not obtained by any Bidder, it shall not be allotted five per cent or more of the post-Offer paid-up share capital of our Bank. For details, see "*Key Regulations and Policies*" beginning on page 150.

Our Bank, the BRLMs and the Registrar to the Offer will rely strictly and solely on the RBI approvals received from Bidders for making any Allotment of Equity Shares to such Bidders and to the Other Persons, if any, that results in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, holding Equity Shares equal to or in excess of five per cent of the post-Offer paid-up share capital of our Bank thereafter, after considering their existing aggregate shareholding in our Bank, if any. Our Bank, the Registrar to the Offer and the BRLMs will not be responsible for identifying the Other Persons associated with any Bidder, or for the consequences of any Bidder and the Other Persons holding Equity Shares, which together with their existing shareholding amount to five per cent or more of the post-Offer paid-up share capital of our Bank pursuant to the Allotment made without a valid and subsisting RBI approval.

A clear legible copy of the RBI approval in the name(s) of the Bidders together with the application submitted for obtaining such RBI approval must be submitted by the Bidders with the Bid cum Application Form as well as to the Registrar to the Offer at any time prior to the date falling one day before the date for finalisation of the Basis of Allotment. Such RBI approval should clearly mention the name(s) of the entities, which propose to Bid in the Offer, the aggregate shareholding of the Bidder and the Other Persons in the pre-Offer paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by the Other Persons. All allotments to such Bidders and the Other Persons, were in accordance with and subject to the conditions contained in such RBI approval.

An 'associate enterprise' has the same meaning assigned to it in explanation 1(a) to Section 12B of Banking Regulation Act. A 'person acting in concert' has the same meaning as stated in explanation 1(c) to Section 12B of Banking Regulation Act. A 'relative' has the same meaning as defined in Section 2(77) of the Companies Act and rules made thereunder.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders/Applicants; (v)Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid Form,) designated date, disposal of applications and electronic registration of bids; (vii) submission of Bid cum Application Form; (viii) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act relating to punishment for fictitious applications; (x) mode of making refunds; (xi) interest in case of delay in allotment or refund; and (xii) disposal of application.

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16 ,2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021, except as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the provisions of this circular are deemed to form part of this Prospectus. Additionally, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 has reduced the time period for refund of application monies from 15 days to four days.*

Our Bank, the Promoter Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Bank, the Promoter Selling Shareholder and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

(A) Book Building Procedure

The Offer has been made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Offer was allocated on a proportionate basis to QIBs, provided that our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one- third was be reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares were added to the Net QIB Portion. Further, 5% of the Net QIB Portion was be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not more than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Investors and not more than 10% of the Offer was be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. Furthermore, 51,993 Equity Shares, aggregating up to ₹ 30 million were made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids having been received at or above the Offer Price, if any.

Under-subscription, if any, in any category including Employee Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer Price. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

(B) Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, bank account details, as applicable, shall be treated as incomplete and will be rejected. Eligible Employees Bidding in the Employee Reservation Portion Bidding using the UPI Mechanism, shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Bank will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

(C) Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus were made available with the Designated Intermediaries at the Bidding Centres, and our Registered Office. An electronic copy of the Bid cum Application Form was also made available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) were required to mandatorily participate in the Offer only through the ASBA process. RIBs were required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and were allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (including Bidders using UPI Mechanism) were required to provide bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders were required to ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, were required to submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account could submit their ASBA Forms with the SCSBs. ASBA Bidders were required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	**Colour of Bid cum Application Form***
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	Blue
Anchor Investors	White
Eligible Employees Bidding in the Employee Reservation Portion	Pink

* *Excluding electronic Bid cum Application Forms Notes:*

(1) *Electronic Bid cum Application forms and the Abridged Prospectus were also available for download on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com).*

(2) *Bid cum Application Forms for Anchor Investors were made available at the offices of the BRLMs.*

In case of ASBA Forms, the relevant Designated Intermediaries were made to upload the relevant bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. For ASBA Forms (other than RIBs) Designated Intermediaries (other than SCSBs) were required to submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and were restricted from submitting it to any non-SCSB bank or any Escrow Collection Bank.

The NPCI was required to maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions was with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI was required to share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer were required to provide the audit trail to the Book Running Lead Managers for analyzing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the Book Running Lead Managers in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, core banking system data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

(D) For RIBs using UPI Mechanism, the Stock Exchanges shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The processing fees for applications made by RIBs using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Issue Closing Date ("Cut-Off Time"). Accordingly, RIBs should accept UPI Mandate Requests for blocking off funds prior to the Cut- Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

Participation by Promoter and members of Promoter Group of the Bank, the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither (i) the BRLMs or any associates of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) nor; (ii) any "person related to the Promoter/ Promoter Group" shall apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "person related to the or Promoter Group": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board. Further, an Anchor Investor shall be deemed to be an associate of the BRLMs, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

One of our Promoter Group entities, Bharat Petroleum Corporation Limited ("**BPCL**"), being a public sector undertaking, has expressed its inability to confirm that 'any person related to the promoter group shall apply to the Offer under the Anchor Investor Portion' this on behalf of other entities related to it. Accordingly, the confirmation obtained from BPCL is that 'Neither BPCL nor any of its subsidiaries shall apply under the Anchor Investor portion of the Offer, if any'.

The Promoter Group will not participate in the Offer.

(E) Electronic registration of Bids

(a) The Designated Intermediary could register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries could also set up facilities for off-line electronic registration of Bids, subject to the condition that they could subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries could upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries were given till 12:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) sent the bid information to the Registrar to the Offer for further processing.

(F) Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged along with the Bid cum Application Form. Failing this, our Bank and the Promoter Selling Shareholder, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid could have been made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme could invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% was not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes can own more than 10% of any company's paid-up share capital carrying voting rights.

Further, the Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by itself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by such person or associate enterprise or persons acting in concert with the concerned person) results in aggregate shareholding of such person to be five per cent or more of the paid-up capital of a bank or entitles him to exercise five per cent or more of the voting rights in a bank. For details, see "*Key Regulations and Policies*" beginning on page 150.

(G) Bids by Eligible NRIs

Eligible NRIs could have obtained copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange were considered for Allotment. Eligible NRIs were permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, NRIs could use Channel IV (as specified in the UPI Circulars) to apply in the Offer**.** Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms could authorise their respective SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their NRE Accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms could authorise their respective SCSB to block their NRO Accounts or confirm or accept the UPI mandate request (in case of RIBs using the UPI Mechanism) for the full Bid Amount, at the time of the submission of the Bid cum Application Form. NRIs applying in the Offer through the UPI Mechanism were advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Participation of Eligible NRIs in the Offer was subjected to the FEMA Non-Debt Instruments Rules.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non-Residents (blue in colour). For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 319.

(H) Bids by HUFs

Bids by HUFs Hindu Undivided Families or HUFs, were required to be made in the individual name of the *karta*. The Bidder/Applicant was required to specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

(I) Bids by FPIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group was below 10% of the total paid-up Equity Share capital of our Bank and the aggregate limit for all FIIs/FPIs/Qualified Foreign Investors (QFIs) cannot exceed 24% of the total paid-up capital, which can be raised to 49% of the total paid up capital by the Bank through a Board resolution followed by a special resolution passed in General Body.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs was included.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

The FPIs who wish to participate in the Offer were advised to use the Bid cum Application Form for non-residents.

Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilise the multiple investment manager structure in accordance with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations (such structure referred to as "**MIM Structure**"), provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilise the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation in the Bid cum Application Forms that the relevant FPIs making multiple Bids utilise the MIM Structure. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as collective investment scheme having multiple share classes.

(J) Bids by SEBI registered VCFs, AIFs and FVCIs

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 ("**SEBI VCF Regulations**") as amended, *inter alia* prescribe the investment restrictions on VCFs, registered with SEBI. The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, amongst others, the investment restrictions on AIFs. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended ("**SEBI FVCI Regulations**") prescribe the investment restrictions on FVCIs. Accordingly, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offering.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A Category III AIF cannot invest more than 10% of the investible funds in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. Additionally, the VCFs which have not re- registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

(K) There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Bank, the Promoter Selling Shareholder or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

(L) Bids by Anchor Investors

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, no BRLM or its respective associates could apply in the Issue under the Anchor Investor Portion. Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

(M) Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Bank and the Promoter Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

(N) Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee were required to be attached to the Bid cum Application Form, failing which our Bank and the Promoter Selling Shareholder in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in another banking company as per the Banking Regulation Act, and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 (the "Financial Services Directions"), as updated, is 10% of the paid up share capital of the investee company, not being its subsidiary engaged in non-financial services or 10% of the bank's own paid-up share capital and reserve, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paidup share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's interest on loans/investments made to a company. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to inter alia make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed under 5(b)(i) of the Financial Services Directions), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Financial Services Directions. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less. For details in relation to the investment limits under Master Direction – Ownership in Private Sector Banks, Directions, 2016, see "*Key Regulations and Policies*" beginning on page 150.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars (Nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account was required to be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

(O) Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Bank and the Promoter Selling Shareholder in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000.00 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000.00 million or more but less than ₹2,500,000.00 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

(P) Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to be attached to the Bid cum Application Form. Failing this, our Bank and the Promoter Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

(Q) Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250.00 million (subject to applicable law) , a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws were required to be lodged along with the Bid cum Application Form. Failing this, our Bank and the Promoter Selling Shareholder in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Bank and the Promoter Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Bank and the Promoter Selling Shareholder in consultation with the BRLMs may deem fit.

(R) Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the Systemically Important NBFCs, were required to be attached to the Bid cum Application Form. Failing this, our Promoter and the Promoter Selling Shareholder in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs was as prescribed by RBI from time to time.

(S) Bids by Eligible Employees

The Bid was required to be for a minimum of 25 Equity Shares and in multiples of 25 Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee did not exceed ₹ 500,000.00 on a net basis. However, the initial allocation to an Eligible Employee in the Employee Reservation Portion did not exceed ₹ 200,000.00. Allotment in the Employee Reservation Portion will be as detailed in the section "*Offer Structure*" on page 300.

Bids under the Employee Reservation Portion by Eligible Employees were required to be:

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour form).
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) were eligible to apply in this Offer under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder was to be the Eligible Employee.
- Bids by Eligible Employees could be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price were to be considered for allocation under this portion.
- If the aggregate demand in this portion was less than or equal to the Employee Reservation Portion, at or above the Offer Price, full allocation was to be made to the Eligible Employees to the extent of their demand.
- Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion were not to be treated as multiple Bids. Our Bank reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.
- Eligible Employees could not Bid through the UPI mechanism.
- Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Offer.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000.00, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.00.

If the aggregate demand in this portion is greater than the Employee Reservation Portion Equity Shares at or above the Offer Price, the allocation was made on a proportionate basis. For the method of proportionate basis of Allotment, see *"Offer Procedure"* on page 304.

(T) The above information is given for the benefit of the Bidders. Our Bank, the Promoter Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and this Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

(U) Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares were allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Bank, the Promoter Selling Shareholder and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Promoter, the management or any scheme or project of our Promoter; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(V) General Instructions

Please note that QIBs and Non-Institutional Bidders were not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor Investors were not allowed to withdraw their Bids after the Anchor Investor Bid/Offer Period.

(1) Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only

5. Ensure that you (other than Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form;

6. RIBs using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;

7. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;

9. RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only UPI ID is included in the Field for payment details in the Bid cum Application Form;

10. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;

12. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form;

13. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

14. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

15. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms. PAN of the First Bidder is required to be specified in case of joint Bids;

16. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

17. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

18. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

19. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

20. Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;

21. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

22. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned are liable to be rejected;

23. Ensure that the Demographic Details are updated, true and correct in all respects;

24. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

25. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;

26. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents, including a copy of the power of attorney, are submitted;

27. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

28. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

29. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the mobile application and the UPI handle being used for making the application in the Offer is also appearing in the "list of mobile applications for using UPI in public issues" displayed on the SEBI website;

30. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

31. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

32. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

33. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, were required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids are liable to be rejected;

34. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

35. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in) or such other websites as updated from time to time;

36. RIBs using the UPI Mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form; and

37. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer

The Bid cum Application Form was liable to be rejected if the above instructions, as applicable, were not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 was liable to be rejected.

(2) Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 200,000.00 (for Bids by Retail Individual Bidders) and ₹ 500,000.00 for Bids by Eligible Employees Bidding in the Employee Reservation Portion;

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Promoter;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

20. If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

21. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

22. Do not Bid for Equity Shares in excess of what is specified for each category;

23. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

24. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;

25. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

26. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

27. Do not Bid if you are an OCB;

28. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;

29. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

30. Do not submit a Bid cum Application Form with a third party UPI ID or using a third party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and

31. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected.

Further, helpline details of the Lead Managers pursuant to the SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of the Lead Manager	Helpline (email)	Telephone
1.	Axis Capital Limited	fpbl.ipo@axiscap.in	+91 22 4325 2183
2.	CLSA India Private Limited	fino.ipo@clsa.com	+91 22 6650 5050
3.	ICICI Securities Limited	fino.ipo@icicisecurities.com	+91 22 6807 7100
4.	Nomura Financial Advisory and Securities (India) Private Limited	finopaymentsbankipo@nomura.com	+91 22 4037 4037

(W) The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to our Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see “*General Information*” on page 54.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

(X) Names of entities responsible for finalizing the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

(Y) Method of allotment as may be prescribed by SEBI from time to time

Our Bank will not make any allotment in excess of the Equity Shares through the Offer Document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Bidders and Anchor Investors was on a proportionate basis within the respective investor categories and the number of securities allotted was rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, were allotted on a proportionate basis.

(Z) Payment into Escrow Account(s) for Anchor Investors

Our Bank and the Promoter Selling Shareholder in consultation with the BRLMs, in their absolute discretion, decided the list of Anchor Investors to whom the CAN was sent, pursuant to which the details of the Equity Shares allocated to them in their respective names was notified to such Anchor Investors. Anchor Investors were not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors were required to transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) were required to be drawn in favour of:

(a) In case of resident Anchor Investors: “Fino Payments Bank Limited - Anchor R”

(b) In case of Non-Resident Anchor Investors: “Fino Payments Bank Limited - Anchor NR”

Anchor Investors were required to note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Bank, the Promoter Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

(AA) Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Bank, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of Financial Express, a widely circulated English national daily newspaper; (ii) all editions of Jansatta, a Hindi national daily newspaper; and (iii) Mumbai edition of Nav Shakti, a widely circulated Marathi national daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located).

In the pre-Offer advertisement, we stated the Bid/ Offer Opening Date and the Bid/ Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, was in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

The above information was given for the benefit of the Bidders/applicants. Our Bank, the Promoter Selling Shareholder and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders/applicants were advised to make their independent investigations and ensure that the number of Equity Shares Bid for did not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Bank, the Promoter Selling Shareholder and the Syndicate have entered into an Underwriting Agreement on or immediately dated November 3, 2021..

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus is being filed with the RoC in accordance with applicable law, which is termed as the 'Prospectus'. This Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and is complete in all material respects.

(BB) Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who:

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1.00 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5.00 million or with both.

(CC) Undertakings by our Bank

Our Bank undertakes the following:

- the complaints received in respect of the Offer shall be attended to by our Bank expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/ Offer Closing Date or any other period as may be prescribed, will be taken;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Bank;

- if Allotment is not made within the prescribed time period under applicable laws, the entire subscription amount received will be refunded/ unblocked within the time prescribed under applicable laws. If there is delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- that details of all monies utilised out of the Fresh Issue shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which monies have been utilised. Further, details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet, indicating the form in which such amounts have been invested;

- that we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;

- except for allotment of Equity Shares pursuant to exercise of options under the ESOP 2020, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and

- adequate arrangements shall be made to collect all Bid cum Application Forms by Bidders.

(DD) Undertakings by the Promoter Selling Shareholder

The Promoter Selling Shareholder, with respect to itself only (and not in respect of any other person), undertakes that:

- the Equity Shares offered by them in the Offer have been held by it for a period of at least one year prior to the filing of the Draft Red Herring Prospectus and the Red Herring Prospectus with the SEBI;

- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;

- it shall take all steps to provide all reasonable assistance to our Bank and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay without interest all monies received from Bidders. In case of delay, interest as per applicable laws shall be paid by the Promoter Selling Shareholder in proportion to the Offered Shares;

- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose of any of the Offered Shares being offered pursuant to the Offer until such time that the lock-in remains effective save and except as may be permitted under the SEBI ICDR Regulations;

- it shall provide all reasonable assistance to our Bank and the BRLMs to ensure that the Equity Shares being offered by it pursuant to the Offer shall be transferred to the successful Bidders within the time specified under applicable laws;

- it shall reimburse our Bank for expenses incurred in relation to the Offer in the manner agreed to amongst the Promoter Selling Shareholder and our Bank, in accordance with applicable laws;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Promoter Selling Shareholder; and

- it shall comply with all applicable laws, including but not limited to the SEBI ICDR Regulations and the Companies Act 2013, and the rules and regulations made thereunder, in relation to the Offer.

(EE) Utilisation of Offer Proceeds

Our Bank and the Promoter Selling Shareholder, severally and not jointly, specifically confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act. Details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised. Additionally, details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTION ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) ("**DPIIT**"), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. For details, see "*Key Regulations and Policies*" on page 150.

As per the current FDI policy, the aggregate foreign investment in a private sector bank is allowed to a maximum of 74 per cent of the paid-up capital of the bank (automatic upto 49 per cent and approval route beyond 49 per cent to 74 per cent). However, as per the Payments Bank License, our Bank has to be controlled by residents at all times, therefore, foreign shareholding in our Bank cannot exceed 49 per cent.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs were not permitted to participate in this Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Bank and the Registrar in writing about such approval along with a copy thereof within the Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales occur; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to Section 4(a) of the U.S. Securities Act.

We intend to rely on an exception from the definition of investment company under the U.S. Investment Company Act of 1940, as amended, in connection with this Offer.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Bank, the Promoter Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

The Articles have been approved by our Board of Directors pursuant to a resolution passed on March 23, 2021 and by our Shareholders pursuant to a special resolution passed on July 22, 2021. Capitalised terms used in this section have the meanings that have been given to such terms in the Articles of Association of our Bank.

Authorised share capital

The authorised share Capital of the Bank will be as stated in Clause V of the Memorandum of Association of the Bank from time to time, with the power to increase or reduce the capital and to issue any part of its capital original or increased with or without any priority or special privilege, subject to compliance with Applicable Law.

Increase and reduction of capital

The Bank may, from time to time, in a general meeting, by an ordinary resolution, increase its authorised Share Capital as may be deemed expedient.

Power to sub-divide and consolidate

The Bank, in a general meeting, may by ordinary resolution:

1. consolidate all or any of its Share Capital into shares of larger amount than its existing shares;

2. sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the memorandum, and in such sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; or

3. cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled.

Further issuance of shares

The Shares in the capital of the Bank shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as they may from time to time think fit.

The Directors may also allot Shares on payment or part payment for any property or asset or any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Bank in conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Subject to provisions of the applicable laws, the further issue may be made by the Board in any manner whatsoever, including by way of public offer, preferential offer or private placement.

Further issue of shares shall not be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Any issue of shares which results in a person (by himself or acting in concert with any other person) acquiring 5% or more of the paid-up equity share capital or voting rights of the Bank shall be made with prior approval of RBI.

Variation of rights

The Bank shall not, at any time, vary the terms of rights of members, except subject to receipt of consent in writing or with the sanction of a resolution passed at a separate meeting of the holders of such class of shares.

Lien

The Bank shall have a first and paramount lien upon all the Shares/debentures (other than fully paid-up Shares/debentures) registered in the name of each member/holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share/debenture shall be created except upon the condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures, provided that the Board may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. Provided further that there shall be no lien on fully paid shares and in case of partly paid lien, the lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Bank’s lien.

Certificate

Every holder of or subscriber to the securities of the Bank shall have the option to receive security certificates or to hold the securities with a depository. Share certificates shall be generally issued in marketable lots and where share certificates are issued in lots other than marketable lots, subdivision consolidation of share certificates into marketable lots shall be done by the Bank free of charge.

Unless where the shares are issued in dematerialised form, every member or allottee of Shares shall be entitled to receive, in marketable lots if applicable, within 2 months after allotment or within 1 month after the application for the registration of transfer or transmission has been received by the Bank , sub-division, consolidation or renewal of the Shares or within such other period as the conditions of issue shall be provided:

(a) one certificate for all his shares without payment of any charge; or

(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

Every certificate shall bear seal of the Bank and shall specify the shares to which it relates and the amount paid-up thereon.

In respect of any Share or Shares held jointly by several persons, the Bank shall not be bound to issue more than one share certificate.

The certificates of Shares registered in the names of two or more persons shall be delivered to any one of such persons named in the register of members and shall be deemed as sufficient delivery to all such holders.

If any Share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Bank, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Bank and on execution of such indemnity as the Bank deem adequate, a new certificate in lieu thereof shall be given.

Call on shares

The Board may, from time to time, make calls upon the members for unpaid part of the Shares. A notice of at least fourteen days shall be given specifying details for payment. Such call on Shares may be revoked or postponed at the discretion of the Board.

The Board, may at its discretion, levy interest on unpaid calls from the due date to the time of actual payment at such rate as may be fixed by the Board. Further, non-payment of calls may also lead to forfeiture of Shares.

Shareholders may pay calls on Shares in advance and the Board shall pay interest on such monies at an interest rate fixed by the Board.

Transfer and transmission of shares

A common form of transfer shall be used and the instrument of transfer of any Share in the Bank shall be in writing and all provisions of the Companies Act, 2013 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof and be executed by or on behalf of both the transferor and transferee, subject to Applicable Law.

No transfer of Shares which would make a person’s shareholding to a level of 5% or more shall not be made without the prior approval of RBI.

The Board of Directors may refuse whether in pursuance of any power of the Bank to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member therein or debentures of the Bank. The Bank shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Bank, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

A person becoming entitled to a Share by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share.

Forfeiture of shares

If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, but before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture may include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture as resolved by the Board. A forfeited Share shall be deemed to be the property of the Bank and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board thinks fit.

Capitalization of profits

The Bank may, in a general meeting, by an ordinary resolution, decide to capitalise its reserve account, or amount in credit of its profit and loss account, or amount otherwise available for distribution. The Board may utilise such amount towards payment of unpaid part of shares held by shareholders, or issue fully paid up shares, or do both.

Buyback

Bank may purchase its own Shares or specified securities in such manner as may be prescribed under Applicable Law.

Power to borrow

The Directors may, from time to time, by a resolution passed at a meeting of the Board borrow moneys for the purpose of the Bank. Provided that the Directors shall not issue debentures with the right to conversion into or allotment of shares except with the approval of the Bank in a general meeting by a special resolution.

Board of Directors

The Board shall consist of a minimum of three (3) Directors and a maximum of fifteen (15) Directors. Majority of the Board shall include persons with professional and other experience as required under the BR Act. The Bank shall have a majority if independent directors appoint such number of women directors as may be required. The Board shall have the power to determine the directors whose period of office is or is not liable to determination by rotation. The Board shall also have the power to appoint additional director and alternate director.

Fino PayTech Limited may with the approval of Bank appoint non-retiring directors in the Bank, as long as the aggregate shareholding of Fino PayTech Limited does not fall below 40% of the paid-up equity share capital of the Bank.

The Board may exercise all such powers, and do all such acts and things, as the Bank is by the memorandum of association or otherwise authorised to do. Further, the Board may delegate some of its powers to Committees consisting of such member or members of its body as it thinks fit.

The remuneration payable to the directors, including any managing or whole-time director and CEO, shall be determined in accordance with provisions of the Companies Act and subject to prior approval of the RBI.

Meeting of Board of Directors

The Board of Directors may meet for conducting business, adjourn or otherwise regulate its meetings, as it deems fit. The quorum for Board meeting and participation through video conferencing audio-visual may be undertaken as per the provisions of Companies Act.

Chairperson of the Bank shall be the chairperson of the meeting and in his absence the directors may elect a chairperson for the meeting. The chairperson shall preside over the Board meeting and shall have second or casting vote in case of an equality of votes.

General meeting

Meetings of the Shareholders shall be convened by the Bank or by any Shareholder and held in accordance with applicable provisions of the Act and the Articles. No business shall be transacted at any general meeting unless a quorum of members is present at the time of proceeding the business. The Chairperson may adjourn the meeting and only the unfinished business shall be transacted at such adjourned meeting.

Voting at meetings of Board and Shareholders

Subject to any rights or restrictions for the time being attached to any class or classes of shares, every member present at the meeting shall have a right to vote. Provided that the voting rights shall be subject to restrictions imposed under section 12(2) of the BR Act, 1949, as amended from time to time.

Members also have the right to appoint proxies to attend and vote at a general meeting. The instrument appointing a proxy and the power -of- attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the bank not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

Dividend

The Bank shall pay dividends out of profits and before recommending any dividend, it may set aside some amount as reserves or it may carry forward its profits. The Bank may declare its dividend in a general meeting and before declaring such dividend, it may create a reserve fund in accordance with section 17 of the BR Act. The Board may also from time to time pay interim dividends to its members at such times as it may think fit.

Where the Bank has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Bank shall transfer such total amount of unpaid and unclaimed dividend to a special account opened by the Bank as prescribed under the applicable laws. Dividend which is unpaid or unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund established under section 205C of the Companies Act.

No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and only after the Bank complies with the provisions of the Companies Act in respect of all unclaimed or unpaid dividends.

Winding up

Subject to the provisions of the BR Act and of Chapter XX of the Act and rules made thereunder:

1. If the Bank shall be wound up, the liquid at or may, with the sanction of a special resolution of the Bank and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Bank, whether they shall consist of property of the same kind or not.

2. For the purpose aforesaid, the liquid at or may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

3. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

Every director, managing director, whole-time director, manager, company secretary and other officer of the Bank shall be indemnified by the Bank out of the funds of the Bank, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses.

Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Bank shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court or Tribunal.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Bank (not being contracts entered into in the ordinary course of business carried on by our Bank and includes contracts entered into until the date of the Red Herring Prospectus) which were deemed material were attached to the copy of the Red Herring Prospectus which was delivered to the RoC for filing. Copies of the contracts and documents for inspection referred to hereunder, were provided for inspection at the Registered and Corporate Office between 10 a.m. and 5 p.m. IST on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without reference to our Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated July 30, 2021 entered into between our Bank, our Promoter Selling Shareholder and the Book Running Lead Managers.

2. Registrar Agreement dated July 29, 2021 entered into between our Bank, our Promoter Selling Shareholder and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated October 22, 2021 entered into between our Bank, our Promoter Selling Shareholder, the Syndicate Members, the Registrar to the Offer, the Book Running Lead Managers and the Banker(s) to the Offer.

4. Share Escrow Agreement dated October 22, 2021 entered into between our Bank, our Promoter Selling Shareholder and the Share Escrow Agent.

5. Syndicate Agreement dated October 22, 2021 entered into between our Bank, our Promoter Selling Shareholder, Book Running Lead Managers, the Syndicate Members and the Registrar to the Offer.

6. Underwriting Agreement dated November 3, 2021 entered into between our Bank, our Promoter Selling Shareholder, the Underwriter(s) and Registrar to the Offer.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Bank, as amended from time to time.

2. Certificate of incorporation dated April 4, 2017 issued by the Registrar of Companies, Maharashtra at Mumbai, in the name of 'Fino Payments Bank Limited'.

3. Copies of annual reports of our Bank for Fiscals 2021, 2020 and 2019.

4. Resolution of our Board of Directors dated July 23, 2021 authorizing the Offer and other related matters at the DRHP stage. Further resolution of our Board of Directors dated October 12, 2021, authorizing the increased Fresh Issue and other related matters.

5. Resolution of our Shareholders dated July 24, 2021 authorizing the Offer and other related matters at the DRHP stage. Further resolution of our Shareholders dated October 12, 2021, authorizing the increased Fresh Issue and other related matters.

6. Resolution dated July 19, 2021 passed by our Promoter Selling Shareholder, read with the consent letter dated July 30, 2021, approving the Offer for Sale for the Offered Shares.

7. Resolution of our Board of Directors dated July 29, 2021 approving the Draft Red Herring Prospectus.

8. Resolution of our Board of Directors dated October 22, 2021 approving the Red Herring Prospectus for filing with the RoC and subsequently with SEBI and the Stock Exchanges.

9. Resolution of the IPO Committee dated November 3, 2021, approving this Prospectus.

10. The statement of possible special tax benefits of our Bank dated October 21, 2021 issued by the Statutory Auditors.

11. Examination report dated October 11, 2021 by the Statutory Auditors in relation to the Restated Financial Statements included in this Prospectus.

12. Consent letter dated October 21, 2021, from S.K. Patodia & Associates, Chartered Accountants, to include their name, in this Prospectus in their capacity as the independent chartered accountants.

13. Consent letter dated October 22, 2021 and consent of the Statutory Auditors, to include their name as required under the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the examination report dated October 11, 2021 of the Statutory Auditors on the Restated Financial Statements included in this Prospectus, and the statement of possible special tax benefits dated October 21, 2021.

14. Business Transfer Agreement dated July 13, 2017, entered into between our Bank and our Promoter.

15. RBI letter dated September 7, 2015 bearing no. DBR. PSBD (PB-FINO). No./3447/16.13.215/2015-16 granting in-principle approval to Fino PayTech Limited.

16. RBI letter dated March 30, 2017 bearing no. DBR. NBD. No. 11549/16.13.215/2016-17, granting license bearing no. MUM: 131. RBI letter dated February 22, 2021, pursuant to which RBI intimated our Bank of its inclusion in the second schedule to the RBI Act, 1934.

17. RBI letter bearing no. Ref DBS. ARS. No. 2101/08.67.005/2019-20 dated October 4, 2019 approving the appointment of R.K. Kumar & Co., Chartered Accountants (presently M/s MSKC & Associates) as the statutory auditors of our Bank for the 2019-2020, for a period of one year.

18. RBI Letter bearing no. Ref CO.DOS.RPD.No.S1444/08-67-005/2021-2022 dated September 28, 2021 approving the appointment of MSKC & Associates, Chartered Accountants (formerly M/s R.K. Kumar & Co.) as the statutory auditors of our Bank for year 2021-2022, for a period of one year.

19. RBI letter bearing no. Ref DOS.ARG.No.PS-6/08.67.005/2019-20 dated June 2, 2020 approving the appointment of MSKC & Associates, Chartered Accountants as the statutory auditors of our Bank for the year 2020-2021, for a period of one year.

20. RBI email dated April 27, 2020 approving the appointment of Rishi Gupta as the Managing Director and CEO of our Bank for a period of three years with effect from May 2, 2020.

21. Board and Shareholders resolutions dated February 13, 2020 and September 30, 2020, respectively, approving the appointment of Rishi Gupta as our Managing Director and CEO.

22. Consents in writing of our Promoter Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, legal counsel to the Bank and Promoter Selling Shareholder as to Indian law, legal counsel to the BRLMs as to Indian law, international legal counsel to the BRLMs, the Book Running Lead Managers, the Banker(s) to the Offer and the Registrar to the Offer, to act in their respective capacities.

23. Report titled "*Digitalisation of financial services, payments and remittances market in India*" dated October 2021 issued by CRISIL and consent letter dated October 11, 2021 from CRISIL.

24. Tripartite agreement dated May 15, 2021 amongst our Bank, NSDL and Karvy Computershare Private Limited (now known as Karvy Fintech Private Limited).

25. Tripartite agreement dated June 17, 2021 amongst our Bank, CDSL and Karvy Computershare Private Limited (now known as Karvy Fintech Private Limited).

26. Due diligence certificate dated July 30, 2021 addressed by the Book Running Lead Managers to SEBI.

27. In-principle approval letters dated August 25, 2021 and August 27, 2021 from BSE and NSE, respectively.

28. SEBI interim observation letter no. SEBI/CFD/DIL1/2021/19564 dated August 13, 2021 and SEBI final observation letter no. SEBI/CFD/DIL1/2021/26860/1 dated October 1, 2021.

29. Letter dated October 11, 2021 issued by the Bank containing details of adverse observations and material pending monitorable action plan as per RBI letter dated December 20, 2019.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Rishi Gupta
Managing Director and Chief Executive Officer

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Mahendra Kumar Chouhan
Part time chairman and Independent Director

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Suresh Kumar Jain
Independent Director

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Punita Kumar Sinha
Independent Director

Place: Boston

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Deena Asit Mehta
Independent Director

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Rajat Kumar Jain
Independent Director

Place: Gurgaon

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Avijit Saha
Nominee Director

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Ravi Subbaiah Pagadala
Nominee Director

Place: Mumbai

Date: November 3, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India or the guidelines or regulations issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY:

Ketan Dhirendra Merchant
Chief Financial Officer

Place: Mumbai

Date: November 3, 2021

DECLARATION

We, Fino PayTech Limited, hereby confirm that all statements, disclosures and undertakings specifically made by us in this Prospectus in relation to ourselves, as Promoter Selling Shareholder and our Offered Shares, are true and correct. We assume no responsibility for any other statements, disclosures and undertakings including statements made or confirmed by or relating to the Bank or any other person(s) in this Prospectus.

FOR AND ON BEHALF OF FINO PAYTECH LIMITED

Authorised Signatory
Name: Sudeep Gupta
Designation: Whole-time Director

Place: Navi Mumbai

Date: November 3, 2021