

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Paytm Payments Bank Limited**

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

### **Opinion**

We have audited the financial statements of Paytm Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2023 and the Profit and Loss Account, and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, and its profit, and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

Attention is drawn to note no. 27 regarding the receipt of the Comprehensive Systems IT Audit (RBI) report during the year recommending strengthening of IT outsourcing processes and operational risk management, including KYC/AML at the Bank. The Bank's compliance to the RBI's report is currently being validated by the RBI.

Our conclusion is not modified in respect of above matter.



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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI Guidelines) as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud





or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.



2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein.

3. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
- c. The Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI.
- e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Act do not apply; and

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the Financial Statements;





- ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the Financial Statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- iv. The management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- v. The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank, shall, whether, directly or indirectly, lend or invest, in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- vi. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- i. The Bank, had not proposed dividend in the previous year, has not declared and paid interim dividend in the current year and has not proposed dividend for the current year. Hence, the question of compliance with Section 123 of the Act does not arise.

**For J. C. Bhalla & Co.**  
Chartered Accountants  
Firm Regn No. 001111N



**(Rajesh Sethi)**  
Partner  
Membership No. 085669  
UDIN: 23085669BGWUVA7111

Place : Noida  
Date : April 22, 2023



**Annexure A referred to in paragraph 3 (f) under the heading "Report on Other Legal and Regulatory Requirements" to the Independent Auditor's Report of even date on the Financial Statements of Paytm Payments Bank Limited**

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

We have audited the internal financial controls with reference to these financial statements of Paytm Payments Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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





## **Meaning of Internal Financial Controls over Financial Reporting with Reference to these Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls over Financial Reporting with Reference to These Financial Statements**

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

## **Opinion**

In our opinion, the Bank has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls with reference to these financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For J. C. Bhalla & Co.**  
Chartered Accountants  
Firm Regn No. 001111N



**(Rajesh Sethi)**  
Partner  
Membership No. 085669  
UDIN: 23085669BGWUVA7111

Place: Noida  
Date : April 22, 2023



**Paytm Payments Bank Limited**  
**CIN : U65999DL2016PLC304713**  
**Balance Sheet as at March 31, 2023**

			(Rs. in '000)
	Schedule	As at March 31, 2023	As at March 31, 2022
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	4,000,000	4,000,000
Reserves & surplus	2	679,490	534,086
Deposits	3	32,852,679	26,423,474
Borrowings	4	-	-
Other liabilities & provisions	5	60,906,723	61,464,839
<b>Total</b>		<b>98,438,892</b>	<b>92,422,399</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	12,789,478	9,141,280
Balances with banks and money at call and short notice	7	18,655,711	12,859,383
Investments	8	46,873,410	53,226,066
Advances	9	-	-
Fixed assets	10	437,209	700,960
Other assets	11	19,683,084	16,494,710
<b>Total</b>		<b>98,438,892</b>	<b>92,422,399</b>
Contingent liabilities		42,109	13,916
Bills for collection			
Significant Accounting Policies	18		

The schedules referred to above form an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

**For J.C. Bhalla & Co.**  
 ICAI Firm Regn. No. 001111N  
 Chartered Accountants

Rajesh Sethi

(Partner)  
 Membership No. 085669  
 Place: NOIDA  
 Date: April 22, 2023



**For and on behalf of the Board of Directors of  
 Paytm Payments Bank Limited**

VIJAY SHEKHAR  
 SHARMA

Vijay Shekhar Sharma  
 (Part time Chairman & Director)

(DIN : 00466521)  
 Place: Delhi  
 Date: April 22, 2023

Vaibhav Goel

(Director)  
 (DIN : 06658218)  
 Place: Gurugram  
 Date: April 22, 2023

SACHIN JAIN  
 Sachin Jain  
 (Company Secretary)  
 Place: NOIDA  
 Date: April 22, 2023

SURINDER  
 SINGH  
 CHAWLA

Surinder Chawla  
 (Managing Director and  
 Chief Executive Officer)

(DIN : 10039951)  
 Place: Mumbai  
 Date: April 22, 2023

MUKUND  
 SHYAMRAO  
 BARSAGADE

Mukund Barsagade  
 (Chief Financial Officer)

Place: Mumbai  
 Date: April 22, 2023





(Rs. in '000, except per share data)			
	Schedule	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Interest earned	13	3,902,346	2,281,434
Other income	14	22,880,055	23,120,625
<b>Total</b>		<b>26,782,401</b>	<b>25,402,059</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	723,639	518,181
Operating expenses	16	25,837,515	24,592,230
Provisions and contingencies	17	75,843	108,777
<b>Total</b>		<b>26,636,997</b>	<b>25,219,188</b>
<b>III. PROFIT</b>			
Net Profit for the year		145,404	182,871
Profit brought forward		271,980	134,827
<b>Total</b>		<b>417,384</b>	<b>317,698</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to statutory reserves		36,351	45,718
Transfer to other reserves		-	-
Transfer to government / proposed dividend		-	-
Balance carried over to balance sheet		381,033	271,980
<b>Total</b>		<b>417,384</b>	<b>317,698</b>
<b>V. EARNINGS PER EQUITY SHARE (Face value Rs. 10 per share)</b>			
Basic		0.36	0.46
Diluted		0.36	0.46
Significant Accounting Policies	18		

The schedules referred to above form an integral part of the financial statements

This is the Profit and Loss Account referred to in our report of even date

For J.C. Bhalla & Co.  
ICAI Firm Regn. No. 001111N  
Chartered Accountants

Rajesh Sethi  
(Partner)

Membership No. 085669  
Place: NOIDA  
Date: April 22, 2023

For and on behalf of the Board of Directors of  
Paytm Payments Bank Limited

VIJAY SHEKHAR SHARMA  
Digitally signed by VIJAY SHEKHAR SHARMA  
Date: 2023.04.22 19:20:18 +05'30'

Vijay Shekhar Sharma  
(Part time Chairman & Director)

(DIN : 00466521)  
Place: Delhi  
Date: April 22, 2023

Vaibhav Goel  
(Director)  
(DIN : 06658218)  
Place: Gurugram  
Date: April 22, 2023

SACHIN JAIN  
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Date: 2023.04.22 17:56:31 +05'30'

Sachin Jain  
(Company Secretary)  
Place: NOIDA  
Date: April 22, 2023

SURINDER SINGH CHAWLA  
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Date: 2023.04.22 18:02:25 +05'30'

Surinder Chawla  
(Managing Director and  
Chief Executive Officer)

(DIN : 10039951)  
Place: Mumbai  
Date: April 22, 2023

MUKUND SHYAMRAO BARSAGADE  
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Date: 2023.04.22 18:02:25 +05'30'

Mukund Barsagade  
(Chief Financial Officer)

Place: Mumbai  
Date: April 22, 2023



	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	218,745	256,806
Adjustments for:		
Add : Depreciation on fixed assets	351,200	354,623
Add: Loss on sale / discard of fixed assets (net)	11,525	15
Add: Provisions for doubtful debts	9,373	-
Add: Provision for operational losses (net)	(6,870)	34,842
<b>Operating profit before working capital changes</b>	<b>583,973</b>	<b>646,286</b>
Movements in working capital:		
Increase / (Decrease) in deposits	6,429,206	14,594,272
(Increase) / Decrease in other assets	(2,886,228)	(12,678,346)
(Increase) / Decrease in investments	6,352,656	(16,036,323)
Increase / (Decrease) in other liabilities and provisions	(559,220)	15,844,746
Cash generated from operations	9,920,387	2,370,635
Direct taxes paid (net of refunds)	(377,989)	(488,302)
<b>Net cash from operating activities (A)</b>	<b>9,542,398</b>	<b>1,882,333</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(134,055)	(568,493)
Proceeds from sale of assets	36,184	-
<b>Net cash used in investing activities (B)</b>	<b>(97,871)</b>	<b>(568,493)</b>
<b>C. Cash flow from financing activities</b>		
<b>Net cash from financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>9,444,526</b>	<b>1,313,840</b>
Cash and cash equivalents at the beginning of the year	22,000,663	20,686,823
<b>Cash and cash equivalents at the end of the year</b>	<b>31,445,189</b>	<b>22,000,663</b>

**Notes:**

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements
- Figures in bracket indicate cash outflow.
- Cash and cash equivalents include the following

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and Balances with Reserve Bank of India (Schedule 6)	12,789,478	9,141,280
Balances with Banks and Money at Call and Short Notice (Schedule 7)	18,655,711	12,859,383
<b>Total</b>	<b>31,445,189</b>	<b>22,000,663</b>

This is the Cash Flow Statement referred to in our report of even date

For J.C. Bhalla & Co.  
ICAI Firm Regn. No. 001111N  
Chartered Accountants

Rajesh Sethi  
(Partner)  
Membership No. 085669  
Place: NOIDA  
Date: April 22, 2023



For and on behalf of the Board of Directors of  
Paytm Payments Bank Limited

VIJAY SHEKHAR  
SHARMA

Vijay Shekhar Sharma  
(Part time Chairman & Director)  
(DIN : 00466521)  
Place: Delhi  
Date: April 22, 2023

Vaibhav Goel  
(Director)  
(DIN : 06658218)

Place: Gurugram  
Date: April 22, 2023

SACHIN JAIN

Sachin Jain  
(Company Secretary)  
Place: NOIDA  
Date: April 22, 2023

SURINDER  
SINGH CHAWLA

Surinder Chawla  
(Managing Director and Chief Executive Officer)  
(DIN : 10039951)  
Place: Mumbai  
Date: April 22, 2023

MUKUND  
SHYAMRAO  
BARSAGADE

Mukund Barsagade  
(Chief Financial Officer)

Place: Mumbai  
Date: April 22, 2023

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SURINDER SINGH CHAWLA  
Date: 2023.04.22 18:02:57  
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MUKUND SHYAMRAO BARSAGADE  
Date: 2023.04.22 18:02:57  
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Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 1 - Capital**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
<b>Authorised Capital</b> 400,000,000 (previous year : 400,000,000) equity share of Rs. 10 each	4,000,000	4,000,000
<b>Issued, subscribed and paid-up capital</b> 400,000,000 (previous year : 400,000,000) equity shares of Rs. 10 each	4,000,000	4,000,000
<b>Total</b>	<b>4,000,000</b>	<b>4,000,000</b>

**Schedule 2 - Reserves and Surplus**

	As at March 31, 2023	As at March 31, 2022
<b>I. Statutory Reserves</b>		
Opening balance	262,106	216,388
Additions during the year	36,351	45,718
Deductions during the year	-	-
<b>Sub total (A)</b>	<b>298,457</b>	<b>262,106</b>
<b>II. Capital Reserves</b>		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>
<b>III. Share Premium</b>		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Sub total (C)</b>	<b>-</b>	<b>-</b>
<b>IV. Revenue and Other Reserves</b>		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Sub total (D)</b>	<b>-</b>	<b>-</b>
<b>V. Balance in statement of Profit &amp; Loss</b>	<b>381,033</b>	<b>271,980</b>
<b>Sub total (E)</b>	<b>381,033</b>	<b>271,980</b>
<b>Total (A+B+C+D+E)</b>	<b>679,490</b>	<b>534,086</b>



Paytm Payments Bank Limited  
CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 3 - Deposits**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
<b>A. I. Demand Deposits</b>		
(i) From banks	-	-
(ii) From others	3,659,500	33,269
<b>Sub total (A)</b>	<b>3,659,500</b>	<b>33,269</b>
<b>II. Savings bank deposits</b>	<b>29,193,179</b>	<b>26,390,205</b>
<b>III. Term Deposits</b>		
(i) From banks	-	-
(ii) From others	-	-
<b>Sub total (I, II, III)</b>	<b>32,852,679</b>	<b>26,423,474</b>
<b>B. (i) Deposits of branches in India</b>	<b>32,852,679</b>	<b>26,423,474</b>
(ii) Deposits of branches outside India	-	-
<b>Total</b>	<b>32,852,679</b>	<b>26,423,474</b>

**Schedule 4 - Borrowings**

	As at March 31, 2023	As at March 31, 2022
<b>I. Borrowing in India</b>		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other institutions and agencies	-	-
<b>Sub total (A)</b>	-	-
<b>II. Borrowings outside India</b>	-	-
<b>Sub total (B)</b>	-	-
<b>Total (A+B)</b>	-	-

**Schedule 5 - Other liabilities and provisions**

	As at March 31, 2023	As at March 31, 2022
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interests accrued	-	-
IV. Others (including provisions)*	60,906,723	61,464,839
<b>Total</b>	<b>60,906,723</b>	<b>61,464,839</b>

\* includes balances in semi-closed wallets





Paytm Payments Bank Limited  
CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 6 - Cash and balances with Reserve Bank of India**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
I. Cash in hand (including foreign currency notes)	215,879	215,844
II. Balance with Reserve Bank of India		
(i) in current account	12,573,599	8,925,436
(i) in other accounts	-	-
<b>Total</b>	<b>12,789,478</b>	<b>9,141,280</b>

**Schedule 7 - Balances with banks and money at call & short notice**

	As at March 31, 2023	As at March 31, 2022
<b>I. In India</b>		
<b>(i) Balances with banks:</b>		
(a) in current accounts	2,987,815	2,096,222
(b) in other deposit accounts	15,667,896	10,763,161
<b>Sub total (A)</b>	<b>18,655,711</b>	<b>12,859,383</b>
<b>(ii) Money at call and short notices</b>		
(a) with banks	-	-
(a) with other institutions	-	-
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B) (I)</b>	<b>18,655,711</b>	<b>12,859,383</b>
<b>II. Outside India</b>		
(a) in current accounts	-	-
(b) in other deposit accounts	-	-
(b) Money at call and short notices	-	-
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total (I+II)</b>	<b>18,655,711</b>	<b>12,859,383</b>



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 8 - Investments**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
<b>I. Investments in India (net of provisions) in :</b>		
(i) Government securities	46,746,442	53,099,098
(ii) Other approved securities	-	-
(iii) Shares	126,968	126,968
(iv) Debentures and bonds	-	-
(v) Subsidiaries and / or joint ventures	-	-
(vi) Others	-	-
<b>Sub total (A)</b>	<b>46,873,410</b>	<b>53,226,066</b>
<b>II. Investments outside India (net of provisions) in :</b>		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and / or joint ventures abroad	-	-
(iii) Other investments	-	-
<b>Sub total (B)</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>46,873,410</b>	<b>53,226,066</b>
Provision for Depreciation on Performing Investments	-	-
Provision for Depreciation on Non- Performing Investments	-	-
<b>Total</b>	<b>46,873,410</b>	<b>53,226,066</b>





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Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 9 - Advances**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
<b>A. (i) Bills Purchased and Discounted</b>		
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	-	-
<b>Sub total (A)</b>	-	-
<b>B. (i) Secured by tangible assets (including advances against book debt)</b>		
(ii) Covered by Bank / Government guarantees	-	-
(iii) Unsecured	-	-
<b>Sub total (B)</b>	-	-
<b>C. (I) Advances in India</b>		
(i) Priority sectors (including export finance)	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
<b>Sub total (C)</b>	-	-
<b>D. (II) Advances outside India</b>		
(i) Due from banks	-	-
(i) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicate loans	-	-
(c) Others	-	-
<b>Sub total (D)</b>	-	-
<b>Total (C+D)</b>	-	-



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 10 - Fixed assets**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
<b>I. Premises (including land)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Total (A)</b>	-	-
<b>Depreciation</b>		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
<b>Total (B)</b>	-	-
<b>Net block (A-B) (I)</b>	-	-
<b>II. Other fixed assets (including furniture and fixtures)</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	1,618,539	1,139,776
Additions during the year	121,618	478,803
Deductions during the year	(108,314)	(40)
<b>Total (A)</b>	1,631,843	1,618,539
<b>Depreciation</b>		
As at 31 March of the preceding year	978,421	672,049
Charge for the year	331,321	306,397
On deductions during the year	(60,604)	(25)
<b>Total (B)</b>	1,249,138	978,421
<b>Net block (A-B) (II)</b>	382,705	640,118
<b>III. Intangible assets</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	1,587,903	1,553,645
Additions during the year	24,216	34,258
Deductions during the year	-	-
<b>Total (A)</b>	1,612,119	1,587,903
<b>Amortisation</b>		
As at 31 March of the preceding year	1,557,038	1,508,812
Charge for the year	19,879	48,226
On deductions during the year	-	-
<b>Total (B)</b>	1,576,917	1,557,038
<b>Net block (A-B) (III)</b>	35,202	30,865
<b>IV. Assets on lease</b>		
<b>Gross block</b>		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Total (A)</b>	-	-
<b>Depreciation</b>		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
<b>Total (B)</b>	-	-
<b>Net block (A-B) (IV)</b>	-	-
<b>V. Capital- work-in progress</b>	19,301	29,977
<b>Total (V)</b>	19,301	29,977
<b>Total (I+II+III+IV+V)</b>	437,209	700,960



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Paytm Payments Bank Limited  
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Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 11 - Other assets**

(Rs. in '000)

	As at March 31, 2023	As at March 31, 2022
I. Inter-office adjustment (net)	-	-
II. Interest accrued	376,329	328,321
III. Tax paid in advance/tax deducted at source	917,832	764,999
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others	18,388,923	15,401,391
<b>Total</b>	<b>19,683,084</b>	<b>16,494,710</b>

**Schedule 12 - Contingent liabilities**

	As at March 31, 2023	As at March 31, 2022
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents	-	-
(a) In India	-	-
(b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable	42,109	13,916
<b>Total</b>	<b>42,109</b>	<b>13,916</b>



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2023

**Schedule 13 - Interest earned**

(Rs. in '000)

	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Interest/discount on advance/bills		-
II. Income on investments	2,774,429	1,691,497
III. Interest on balances with Reserve Bank of India and other inter-bank funds	617,447	33,744
IV. Others	510,470	556,193
<b>Total</b>	<b>3,902,346</b>	<b>2,281,434</b>

**Schedule 14 - Other income**

	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Commission, exchange and brokerage *	22,863,687	23,100,678
II. Profit / (loss) on sale of investments (net)	-	264
III. Profit / (loss) on revaluation of investments (net)	-	-
IV. Profit / (loss) on sale of land, buildings and other assets (net)	(11,525)	(15)
V. Profit / (loss) on exchange transactions (net)	420	204
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous Income	27,473	19,494
<b>Total</b>	<b>22,880,055</b>	<b>23,120,625</b>

\* includes income earned from wallet utilisation





**Schedule 15 - Interest expended**

(Rs. in '000)

	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Interest on deposits	723,519	514,069
II. Interest on Reserve Bank of India / Inter-bank borrowings	-	-
III. Others	120	4,112
<b>Total</b>	<b>723,639</b>	<b>518,181</b>

**Schedule 16 - Operating expenses**

	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Payments to and provisions for employees (refer note 1 below)	3,186,304	2,263,108
II. Rent, taxes and lighting	25,774	53,808
III. Printing and stationery	442	426
IV. Advertisement and publicity	1,113,711	717,056
V. Depreciation on Bank's property	351,200	354,623
VI. Director's fees, allowances and expenses	11,100	8,890
VII. Auditors' fees and expenses (including branch auditors)	5,000	4,000
VIII. Law charges	-	-
IX. Postages, Telegrams, Telephones, etc.	184	106
X. Repairs and maintenance	337,443	336,394
XI. Insurance	62,510	50,952
XII. Other expenditure (refer note 2 & 3 below)	20,743,847	20,802,867
<b>Total</b>	<b>25,837,515</b>	<b>24,592,230</b>

**Notes:**

1. Includes cost referred in to schedule 44
2. Other expenditure includes payment gateway charges
3. Includes cost referred in to schedule 34

**Schedule 17 - Provisions and contingencies**

	For the year ended March 31, 2023	For the year ended March 31, 2022
I. Provision for income tax	139,295	89,256
II. Deferred tax expenses (refer schedule 42)	(65,955)	(15,321)
III. Provisions for depreciation on investment	-	-
IV. Provisions for doubtful debts	9,373	-
V. Provision for operational losses (net)	(6,870)	34,842
<b>Total</b>	<b>75,843</b>	<b>108,777</b>



## 18. Significant Accounting Policies:

### 18.1 Corporate information

Paytm Payments Bank Limited ("Bank") was incorporated on August 22, 2016. The Bank received Payments Bank license as required under Section 22(1) of the Banking Regulation Act, 1949 on January 3, 2017. The Bank commenced its operations from May 23, 2017. The Bank is primarily engaged in the business of accepting demand deposits in the form of current and saving bank deposits, providing payment and remittance services through Automated Teller Machines (ATMs), Business Correspondent (BCs), semi-closed wallet, Mobile Banking and such other manner available. The Bank is also engaged in acceptance of remittances and payments from multiple banks under payment mechanism such as NEFT/RTGS/IMPS/UPI or any other permitted payment mechanism under the law.

### 18.2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, except where otherwise stated, and are in accordance with the generally accepted accounting principles ('GAAP') in India and statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI'), Accounting Standards ('AS') prescribed under section 133 of the Companies Act, 2013 read together with Paragraph 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act 2013 to the extent applicable and current practices prevailing within the banking industry in India.

### 18.3 Summary of significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

#### (b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and 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.

#### (c) Depreciation

Depreciation is provided on straight line basis and charged to profit and loss account as per the useful life under schedule II to the Companies Act, 2013.

Further in case of "Computers" the estimated useful life is as per the circular no. DBOD.No.BP.BC.37/21.04.018/2000, dated October 20, 2000 issued by the RBI. The estimated useful life is mentioned below:

Assets	Estimated useful life
Computers (including servers and networking equipments)	3 years
Office equipment	5 years
Furniture and fittings	10 years
Vehicles	8 years

Leasehold improvements are depreciated over lower of the period of the lease and useful life.





**(d) Intangible assets**

Separately acquired intangible assets, such as software are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit and loss account in the year in which the expenditure is incurred. Intangible assets with finite useful lives are carried at cost and are amortised on straight line basis over their estimated useful lives and charged to profit and loss account.

Software and licenses acquired are amortized over a period of 3 years on straight line basis.

Goodwill is amortized on a straight line basis over the period of 2 years.

The amortization period and the amortization method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit and loss account unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**(e) Impairment of assets**

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, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

**(f) 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

*Bank as a lessee*

A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease. All other leases are classified as operating leases.

**(g) Investments**

Classification:

In accordance with the RBI guidelines on Investment classification and valuation, all investments, are categorized as "Held for trading" ('HFT'), "Available for sale" ('AFS') or "Held to maturity" ('HTM') at the time of its purchase. Investments are further classified under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.



**Basis of Classification:**

Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category. Investments that the Bank intends to hold till maturity are classified under the HTM category, or as per RBI guidelines. Securities which are not classified in the above categories are classified under the AFS category.

**Acquisition cost:**

In determining acquisition cost of an investment, brokerage and commission paid at the time of acquisition are charged to Profit and Loss Account. Further, cost of investments is determined based on weighted average cost method.

**Valuation:**

Treasury Bills being discounted instruments are valued at carrying cost.

Government Securities are valued at cost at which they have been issued by the RBI. The broken period interest paid to seller as part cost is not capitalised and the same has been charged to profit & loss account in respect of investment in Government and other approved securities.

**(h) Revenue recognition**

Revenue is recognised to that extent that is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

*(i) Interest Income*

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

*(ii) Commission Income:*

Commission income is recognised on accrual basis and to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made.

*(iii) Preferred partner fees:*

Income received from Business Correspondent (BC's) as preferred partner fees will be recognised over a period of 2 years.

*(iv) Debit Card:*

The annual/renewal fee for debit cards are recognized on proportionate time period basis during the year.

**(i) Foreign currency transactions**

*(i) Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*(ii) Conversion*

Foreign currency monetary items are reported using the closing rate. 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 the transaction.

*(iii) Exchange differences*

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Bank at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.





**(j) Retirement and other employee benefits**

Provident Fund and Employee State Insurance Scheme (Defined Contribution Scheme) - Retirement benefits mainly in the form of provident fund and employee state Insurance schemes are a defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations of the Bank other than the contribution to the Fund.

Gratuity (Defined Benefit Scheme) - Gratuity liability is defined benefit obligations and is provided on the basis of an actuarial valuation based on projected unit credit method made at end of each financial year.

Compensated Absences - Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

**(k) Share-based payments**

Employees of the Bank are granted share based compensation benefits via a share based payments plan (ESOP Schemes) run by Paytm Associate Benefit Welfare Trust.

Awards of ESOP Scheme are granted to the employees of the Bank, which are being settled by Paytm Associate Benefit Welfare Trust. Since, Bank is not obligated to settle these options, hence, no cost is recorded under statutory financial statements of the Bank.

Pursuant to the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021- 22 dated August 30, 2021, the bank has recognized the cost of equity-settled transactions with the Material Risk Takers and Control Function Staffs which is determined by the fair value at the date when the grant is made using an Black-Scholes model.

In case where the Bank is not obligated to settle the cost of ESOPs, the cost is recognised in the profit & loss account, together with a corresponding increase in 'employee benefits payables' where ESOP will be equity-settled by issuing Group Company shares over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

In case where the Bank is obligated to settle the cost of ESOPs with the issuer of such grants under the contractual arrangement, the Bank recognizes the cost for such ESOP's granted to the employees of the Bank under "Payments to and provisions for employees" in the Profit and Loss Account.

**(l) Income taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.



Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during specified period. The year in which the MAT credit becomes eligible, it is to be recognised as an asset. In accordance with recommendation contained in the guidance note issued by ICAI, said asset is created by way of credit/reversal of provisions of Profit and Loss A/c and included as MAT Credit Entitlements in other assets. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that company will pay normal Income Tax during the specified period.

**(m) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

**(n) 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.

**(o) Accounting for provisions, contingent liabilities and contingent assets**

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimates of amounts required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimate. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not recognise or disclose contingent assets. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

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## 19. Capital adequacy

The following table shows computation of capital adequacy ratio (Bank's capital to risk weighted assets ratio) as per Basel II framework of RBI.

Particulars	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
Common Equity Tier 1 CRAR (%)	28.35	38.63
Tier-1 CRAR (%)	28.35	38.63
Tier-2 CRAR (%)	-	-
Total CRAR (%)	28.35	38.63
Amount of equity capital raised	Nil	Nil
Amount of Additional Tier-1 capital raised; of which		
Perpetual Non-Cumulative Preference Shares	Nil	Nil
Perpetual Debt Instruments	Nil	Nil
Amount of Tier-2 capital raised; of which		
Debt capital instrument	Nil	Nil
Preference Share Capital Instruments [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil

The Bank has followed Basel II standardized approach for credit risk in accordance with the Operating Guidelines issued by the Reserve Bank of India. Further, the RBI vide its circular No. DBR.NBD.No. 4503/16.13.218/2017-18 dated November 8, 2017 has provided an exemption to all Payments Banks. whereby no separate capital charge is prescribed for market risk and operational risk. Accordingly, CAR ratio compute considers only RWA for credit risk

## 20. Investments

- (i) The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.

Particulars	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	46,873,410	53,226,066
(b) Outside India		
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India		
(iii) Net Value of Investments		
(a) In India	46,873,410	53,226,066
(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write off / write back of excess provisions during the year		
(iv) Closing balance	-	-





(ii) The following table sets forth, for the periods indicated, the details of investments categorization in accordance with RBI guidelines.

Security	As at March 31, 2023				As at March 31, 2022			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	-	-	46,746,442	46,746,442	-	-	53,099,098	53,099,098
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	-	126,968	126,968	-	-	126,968	126,968
Debentures/Bonds	-	-	-	-	-	-	-	-
Other-Mutual funds	-	-	-	-	-	-	-	-
Other-Joint Venture	-	-	-	-	-	-	-	-

HTM – Held till Maturity, HFT – Held for Trade, AFS – Available for Sale

(iii) Repo Transactions (in face value terms)

(a) During the year ended March 31, 2023

Particulars	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average outstanding during the year (refer note 'b' below)	(Rs. in '000)
				As on March 31, 2023
Securities sold under repo				
i. Government securities	0.00	0.00	0.00	0.00
ii. Corporate debt securities	0.00	0.00	0.00	0.00
Securities purchased under reverse repo				
i. Government securities [refer note (c) below]	3,406,900	12,246,570	6,588,284	0.00
ii. Corporate debt securities	0.00	0.00	0.00	0.00

(b) During the year ended March 31, 2022

Particulars	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average outstanding during the year (refer note 'b' below)	(Rs. in '000)
				As on March 31, 2022
Securities sold under repo				
i. Government securities	0.00	0.00	0.00	0.00
ii. Corporate debt securities	0.00	0.00	0.00	0.00
Securities purchased under reverse repo				
i. Government securities [refer note (a) below]	0.00	11,066,440	2,935,540	0.00
ii. Corporate debt securities	0.00	0.00	0.00	0.00



Note:

- (a) The Bank has started placement of reverse repo from December 2021, therefore minimum outstanding has been considered as Nil.
- (b) Daily average outstanding during the year has been calculated considering only those days when reverse repo placement is done.
- (c) As per Press Release by RBI dated 08th April 2022, RBI discontinued Reverse Repo and started Standing Deposit Facility (SDF) with effect from 08th April 2022. Lending in SDF does not attract purchase of security, therefore the data is considered for 7 days i.e. April 01 – April 07, 2023.
- (iv) Non SLR Investment Portfolio

Issuer composition of Non SLR investments

(Rs. in '000)						
Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Corporates	126,968 (126,968)	77,018 (77,018)	-	126,968 (126,968)	77,018 (77,018)
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	<b>Total *</b>	<b>126,968</b> <b>(126,968)</b>	<b>77,018</b> <b>(77,018)</b>	<b>-</b>	<b>126,968</b> <b>(126,968)</b>	<b>77,018</b> <b>(77,018)</b>

\*Figures in bracket represent previous year figures as at March 31, 2022.

- (i) Non-performing Non SLR investments

(Rs. in '000)		
Particulars	As at March 31, 2023	As at March 31, 2021
Opening balance	Nil	Nil
Additions during the year since 1st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing balance	Nil	Nil
Total provisions held	Nil	Nil

- (ii) There is no inter category movement in respect of investments held by the Bank for the year ended March 31, 2023 and March 31, 2022.



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## 21. Derivatives

The Bank has not entered into any derivative transactions (Forward rate agreement/Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year ended March 31, 2023 and March 31, 2022. Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

## 22. Asset quality

As per the guidelines issued by Reserve Bank of India for licensing of Payments Bank, the Payment Banks are not allowed to give any advance or lend to any person including their directors. Therefore, the disclosures required for asset quality (movements in NPA's, disclosure on accounts subjected to restructuring, provisioning of standard assets etc.) are not applicable to the Bank.

## 23. Business/information ratios

The following table sets forth, for the periods indicated, the business/information ratios.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income to working funds	4.03%	2.74%
Non-interest income to working funds	23.65%	27.78%
Operating Profit to working funds	0.23%	0.31%
Return on assets	0.15%	0.22%
Net Profit per employee (Rs. in '000s)	89	113
Business (average deposits plus average advances) per employee (Rs. in '000s)	18,414	12,804

### Note:

1. Working fund is calculated as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

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#### 24. Maturity Pattern of Key Assets and Liabilities

The maturity pattern of key assets and liabilities for the year ended March 31, 2023 is as below:

Particulars	Day 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	Over 2 Month & Up to 3 month	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 year	Over 3 year & up to 5 year	Over 5 year	Total
Deposits	550,037	1,309,615	1,433,431	-	-	-	-	-	29,559,596	-	-	32,852,679
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Investments	28,612,191	1,342,354	1,341,396	3,444,650	2,291,907	-	3,011,293	6,702,651	-	-	126,968	46,873,410
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	8,491	-	-	-	-	-	-	-	-	8,491

(Rs. in '000)



The maturity pattern of key assets and liabilities for the year ended March 31, 2022 is as below:

Particulars	Day 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	Over 2 Month & Up to 3 month	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 year	Over 3 year & up to 5 year	Over 5 year	Total
Deposits	493,854	965,381	1,047,547	-	-	-	-	-	23,916,692	-	-	26,423,474
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Investments	36,567,054	-	-	2,177,077	1,356,791	92,073	5,118,854	7,787,249	-	126,968	-	53,226,066
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
					827	-	-	-	-	-	-	827

**Notes:**

- The Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
- The maturity pattern of wallet deposit under different time buckets is based on experience and estimates of Bank which has been approved by Asset & Liability Committee (ALCO).



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**25. Details of exposures to capital market, real estate, risk category-wise country exposures, factoring exposures, single/group borrower exposures, unsecured advances and concentration of deposits, advances, exposures and NPA's:**

a) As per the guidelines issued by Reserve Bank of India for licensing of Payments Bank, the Payment Banks are not allowed to give any advance or lend to any person including their directors. Therefore, the disclosures required in respect to exposure to real estate sector, category wise country risk, single & group borrower limits and unsecured advances are not applicable to the Bank.

b) Exposure to Capital Market:

Particulars	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	126,968	126,968
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;		Nil
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) financing to stockbrokers for margin trading;		Nil
(x) all exposures to Venture Capital Funds (both registered and	Nil	Nil
<b>Total Exposure to Capital Market</b>	<b>126,968</b>	<b>126,968</b>





**26. Disclosure of Penalties imposed by RBI**

Particulars	(Rs. in '000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Penalty imposed by RBI	Nil	10,000*

\* RBI vide letter ref. CO.DPSS.OVRST.No. S668 /06-08-019/2021-2022 dated October 01, 2021, captioned speaking order levied a penalty of Rs 1 crore for the violations in regards to Bharat Bill Payment System (BBPS) migration from One97 Communications Limited to the Bank, as the information furnished to RBI was insufficient.

**27. Strictures by Reserve Bank of India (RBI) :**

During FY2022, pursuant to a supervisory process, RBI directed the Bank to stop the onboarding of new customer's w.e.f. March 11, 2022. During FY2023, RBI appointed an external auditor for conducting a comprehensive systems audit of the Bank. On October 21, 2022 the Bank received the final report thereof from RBI outlining the need for continued strengthening of IT outsourcing processes and operational risk management, including KYC/AML at the Bank. Pursuant to a supervisory engagement thereafter, RBI recommended remediating action steps (including further steps to be taken by the Bank) in a time bound manner. The Bank has completed the compliance to these instructions of RBI and the same is currently being validated by RBI.

**28. Earnings per share (EPS):**

Particulars	(Rs in '000, except per share data)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit after tax (Rs.)	145,404	182,871
Weighted average number of equity shares for calculating Basic and Diluted EPS (in'000)	400,000	400,000
Basic / share (Nominal value of share Rs. 10)	0.36	0.46
Diluted / share (Nominal value of share Rs. 10)	0.36	0.46

**29. Employees benefits:**

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. The gratuity plan of the Bank is non-funded. Disclosures are as per actuarial report of the independent actuary.

The following table summarizes the components of net benefit expense recognized in the profit and loss account and amount recognized in the balance sheet.

Particulars	(Rs in '000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	29,721	22,937
Past Service Cost including curtailment Gains/Losses		
Interest cost on benefit obligation	6,978	4,787
Expected return on plan assets		
Net actuarial loss recognized in the year	10,180	11,733
Net employee benefit expense	46,879	39,457



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Details of defined benefit gratuity plan

Particulars	(Rs in '000)	
	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	129,195	96,121
Fair value of planned assets	-	-
Plan assets / (liability)	-	-

Changes in the present value of the defined benefit obligation are as follows:

Particulars	(Rs in '000)	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	96,121	70,509
Acquisition adjustment	6,710	(2,612)
Interest cost	6,978	4,787
Current service cost	29,721	22,937
Past Service Cost including curtailment Gains/Losses		
Benefits paid	(20,515)	(11,232)
Actuarial loss / (gain) on obligations	10,180	11,733
Closing defined benefit obligation	129,195	96,121

The principal assumptions used in determining defined benefit plan obligations are shown below:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.39%	7.26%
Salary Escalation Rate		
For FY 20-21	0%	0%
For FY 21-22	5%	5%
Thereafter	10%	10%
Attrition rate	As per table below	As per table below

Attrition rate used are as per the table below:

Age (Years)	For the year ended March 31, 2023	For the year ended March 31, 2022
Up to 30 Years	30%	30%
From 31 to 44 years	30%	30%
Above 44 years	30%	30%

The estimates of future salary increases takes into account the inflation, seniority, promotion and other relevant factors.

**30. Provision for long term contracts:**

The Bank has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under applicable RBI laws / accounting standards for material foreseeable losses on such long-term contracts, where applicable, in the books of account and disclosed the same under the relevant notes in the financial statements.



**31. Segment Information:**

*Business Segments:*

For the purpose of segment reporting as per Accounting Standard -17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India and as prescribed in Reserve Bank of India guidelines, the business of the Bank has been classified into four segments i.e. a) Treasury Operations, b) Retail Banking, c) Wholesale Banking and d) Other Banking Operations.

Segmental Revenue, Results, Assets & Liabilities in respect of Wholesale and Retail Banking segment have been bifurcated on the basis of exposure to these segments. Assets & Liabilities where directly related to segments have been allocated to segments and where not directly related have been allocated on reasonable basis.

- **Treasury Operations:** Treasury Operations consist of dealing in securities and other investments.
- **Retail Banking Business Operations:** Includes all other banking operations not covered under treasury & other banking operations.
- **Other Banking Operations:** Other Banking Operations consist of activities which are not in the nature of core banking operations

*Geographical segments:*

The Bank does not have any overseas branch therefore disclosure as required under Accounting Standard -17, reporting under geographic segment is not applicable.

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Schedules forming part of the financial statements for the year ended March 31, 2023

The following table provides required information for the primary segments for the year ended March 31, 2023 and March 31, 2022:

Particulars	Treasury		Retail banking		Wholesale banking		Other banking operations		(Rs. in '000)	
	March 31,		March 31,		March 31,		March 31,		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment revenue	3,902,346	2,281,698	15,243,178	15,289,708	-	-	7,636,877	7,830,653	26,782,401	25,402,059
Segment result	3,230,697	1,868,325	(1,664,164)	(1,816,065)	-	-	(1,347,788)	204,545	218,745	256,806
Unallocated expenses										-
Operating Profit									218,745	256,806
Tax (expense) / reversal									(73,341)	(73,935)
Net profit									145,404	182,871
Segment assets	78,789,587	75,563,735	14,157,276	12,474,796	-	-	4,388,452	3,499,082	97,335,315	91,537,613
Income tax assets (net)									1,103,577	884,786
Total Assets	78,789,587	75,563,735	14,157,276	12,474,796	-	-	4,388,452	3,499,082	98,438,892	92,422,399
Segment liabilities	171,663	80,889	90,412,412	85,163,044	-	-	3,175,327	2,644,380	93,759,402	87,888,313
Unallocated liabilities									4,679,490	4,534,086
Total Liabilities	171,663	80,889	90,412,412	85,163,044	-	-	3,175,327	2,644,380	98,438,892	92,422,399



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Schedules forming part of the financial statements for the year ended March 31, 2023

### 32. Provisions and Contingencies

(Rs in '000)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provision for income tax	139,295	89,256
Deferred tax expenses / (reversal) (refer schedule 42)	(65,955)	(15,321)
Provisions for doubtful debts	9,373	-
Provision for operational losses (net)	(6,870)	34,842

The Bank has assessed its obligations arising in the normal course of business, including pending litigations, and other long-term contracts in accordance with the provision of Accounting Standard – 29 on 'Provisions, Contingent Liabilities and Contingent Assets'.

### 33. Disclosures as per Micro, Small and Medium Enterprises Development Act, 2006

Based upon the information in the possession of the Bank, the Bank has no overdues to suppliers registered under micro, small, medium enterprises Development Act 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as:

(Rs in '000)

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	35,827	17,534
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-



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34. (a) During the financial year ended March 31, 2022, the Bank has been awarded contract from Mumbai Metro One Private Limited (MMOPL) for issuance of Co-branded NCMC cards and its management, technology integration and exclusive selling rights of such Co-branded NCMC cards. Such exclusive period will begin from the date of first issuance of Co-branded cards.

As per the agreement and on the basis of independent accounting opinion obtained by the Bank, the aforesaid nature of transaction does not qualify to be treated as Capital Assets or Intangible Assets as per Accounting Standard -10 and Accounting Standard -26 issued by the Institute of Chartered Accountant of India and therefore will be treated as Revenue Expenditure which is to be amortised over the contract period.

Total project cost of Rs. 66.50 crore as an Integration Fees / Access Fees is to be paid over a period of 10 years.

The Bank begins sale of these card during the year ended March 31, 2023 and therefore the amount paid will be amortised over the next 10 years.

The Bank has paid Rs. 36.52 crore to MMOPL as at March 31, 2023, out of which the bank has charged Rs. 0.61 cr to the profit & loss account and balance Rs. 35.91 crore has been shown under as "Other Assets" and will be charged over the remaining tenure of the project.

(b) During the year ended March 31, 2021, the Bank had been awarded contract from Hyderabad Metro (L&T) Rail Corporation for design, supply & installation of AFC system for implementation of Open Loop NCMC card. The Bank will act as a Financial Institution to provide acquiring infrastructure which would include clearing, settlement and balance query on cards. Project consideration of Rs. 70 crores comprising of Rs. 45 crores for modification / upgradation of existing AFC system and balance Rs. 25 crores as Royalty fees. Out of this Rs. 39 crore and Rs. 26 had been paid during the year ended March 31, 2021 and March 31, 2022 respectively, balances of Rs. 5 crore to be paid over the next 2 years. PPBL will not have right and ownership on assets created under modification / upgradation of existing AFC system i.e. it will not be taken back by PPBL upon termination of contract. L&T may use this facility in future for the benefits of others also.

As per the facts mentioned in the aforesaid paragraph and the basis of accounting opinion obtained by the Bank, the control cannot be established by the Bank over the system and it has no right and ownership over it and also the said system can be used by L&T for benefits of others as well. It does not meet any criteria of intangible assets as per Accounting Standard 26 – Intangible Assets and hence recognised as an expense in the books of account.

Accordingly, Bank has charged Rs. 2.5 crore and Rs. 26 crore during the year ended March 31, 2023 and March 31, 2022 respectively.





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### 35. Related Party Disclosure:

Name and description of related parties where control exists irrespective of whether transactions have occurred or not:

a) Enterprise which exercise significant influence in voting power and power to direct the financials and operating policies of the Bank.	One 97 Communications Limited
b) Enterprise over which directors exercise significant influence in voting power and power to direct the financials and operating policies of the enterprise.	Paytm E-Commerce Private Limited Applied Life Private Limited Paytm Money Limited
c) Key Management Personnel	Satish Kumar Gupta (Managing Director & Chief Executive Officer) (Resigned on October 05, 2022)  Deependra Singh Rathore (Interim Chief Executive Officer) (October 06, 2022 – February 02, 2023)  Surinder Chawla (Managing Director & Chief Executive Officer) (Appointed w.e.f. February 03, 2023)

As per master circular no. DBR.BP.BC No.23/21.04.018/2015-16, dated July 01, 2015 issued by RBI, where there is only one entity in any category of related party, banks need not disclose any details pertaining to that related party other than the relationship with that related party. In view of this, the Bank has not disclosed the details of related party transactions with One 97 Communication Limited.

(i) Details of transactions with related parties during the year ended March 31, 2023 and March 31, 2022 respectively:-

Items / Related Party	(Rs. in '000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Availing of services from enterprise as mentioned in clause (b) in table above	360	410
Availing of services from enterprise as mentioned in clause (c) in table above	15,356	17,454
<b>Total</b>	<b>15,716</b>	<b>17,864</b>

(ii) Balance outstanding with related parties as at March 31, 2023 and March 31, 2022 respectively:-

Items / Related Party	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
Amount payable towards operational expenses to enterprise as mentioned in clause (c) in table above	3,710	5,356
<b>Total</b>	<b>3,710</b>	<b>5,356</b>



**36. Disclosure on Remuneration:**

**Compensation Policy and practices**

**(I) Qualitative Disclosure:**

**(a) Information relating to the composition and mandate of the Remuneration Committee:**

The Nomination and Remuneration Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors and should include at least one member from Risk Management Committee of the board.

Key mandate of the Nomination & Remuneration Committee is to oversee the appointment, terms of engagement and fixation of remuneration of Directors & KMP's and other Key employees. Compensation policy, governing all employees of the Bank, is approved by the Committee.

**(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:**

The Nomination and Remuneration Committee of the Board oversees the remuneration aspects. Nomination and Remuneration Committee of the Bank is constituted to perform following functions:

- a. To finalize the appointment, terms of engagements, remuneration to Directors in terms of provisions of the Companies Act, 2013;
- b. To ensure proper compliance of the conditions precedent to appointment and to generally attend to all other formalities incidental to payment of remuneration and appointment of Directors;
- c. To formulate and suggest any modifications for ESOP scheme of the Bank;
- d. To formulate criteria for determining qualification, positive attributes and independence of the Director;
- e. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- f. To formulate the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Director, key managerial personnel and other employees;
- g. Any other functions as the Board may assign to it from time to time.

The functions of the Committee include recommending appointments of Directors to the Board and other key managerial personnel, lay down criteria for their performance evaluation and also recommend their remuneration (including performance bonus). It also approves the quantum and frequency of bonus payable to members of other staff including senior management. Further, the compensation of staff engaged in control functions like Risk and Compliance depends on their performance, which is based on achievement of the key results of their respective functions and are not linked to any business targets.

The remuneration process of the Bank is in accordance with the defined Compensation policy objectives.

**(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.:**

The Board approves the risk framework for the Bank and accordingly the business activities are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risks.

The Annual Operating Plan (AOP) targets and Key Result Areas (KRA) evaluation incorporate both qualitative and quantitative aspects that other than targeted growth and profit numbers include aspects like adherence to regulatory norms and effective risk management.





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**(d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration:**

Key Result Areas (KRAs) are defined for all employees in which their key performance indicators are also defined. The weightage will vary for all employees depending on their focus areas.

The performance assessment of employees is undertaken bi-annually /annually based on achievements compared to the KRAs assigned to them as stated above. In case the employee fails to achieve his/her KRA and the desired level, the Bank may decide to reduce the variable compensation to the employees.

**(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:**

As per compensation policy, total variable pay consists of cash and share linked component. The deferral/vesting period of variable pay is upto five years. Deferred payment will be subject to malus/clawback arrangement. In the event of subdued or negative performance of Bank and/or relevant line of business in any year, the Bank can apply malus/clawback on deferred compensation.

Malus arrangement permits the Bank to prevent vesting of all or part of the deferred remuneration. However, it does not reverse vesting after it has already occurred. Clawback is a contractual agreement between the employee and the Bank in which the employee agrees to return previously paid or vested remuneration to the Bank under certain circumstances that could include but are not limited to incidents of wilful and deliberate misinterpretation/ misreporting of financial performance, etc. Clawback arrangements are applicable for all the employees including those eligible for Deferred Compensation

**(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:**

Variable remuneration includes Performance Linked Incentive (PLI) and Equity linked incentives-Cash Settled Stock Appreciation Rights (CSAR) and Restricted Stock Units (RSU's).

The form and quantum of variable remuneration depends on the job level, associated risks involved and time spent in the organization.





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Schedules forming part of the financial statements for the year ended March 31, 2023

**(II) Quantitative Disclosure:**

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTD (including MD & CEO) and other Material Risk Takers

S.no	Particulars	[(Rs. in '000), except no.'s]	
		Year Ended March 31, 2023	Year ended March 31, 2022
1	a. Number of meetings held by the Remuneration Committee during the financial year b. Remuneration paid to its members during the financial year (sitting fees)	10 1,300	6 700
2.	a. Number of employees having received a variable remuneration award during the financial year b. Number and total amount of sign on awards made during the financial year c. Details of guaranteed bonus, if any, paid as joining / sign on bonus d. Details of severance pay, in addition to accrued benefits, if any	3 Nil Nil Nil	4 Nil Nil Nil
3.	a. Total amount of outstanding deferred remuneration payable. • Bonus and CSAR • RSU's (Nos.) b. Total amount of deferred remuneration paid out in the financial year (amounts in '000) • Bonus and CSAR	7,192 130,104 3,693	17,716 50,934 2,560
4.	Breakdown of amount of remuneration awards for the financial year : Fixed pay Variable pay -non-deferred Variable pay -deferred • CSAR • RSU's (nos.)	61,138 Nil 892,857 130,104	63,795 8,322 4,900 50,934
5.	a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments: b. Total amount of reductions during the financial year due to ex post explicit adjustments c. Total amount of reductions during the financial year due to ex post implicit adjustments	Nil Nil Nil	Nil Nil Nil
6.	Number of MRTs identified (includes MRT's served during part of the year)	7	5
7.	a. Number of cases where malus has been exercised. b. Number of cases where clawback has been exercised c. Number of cases where both malus and clawback have been exercised.	Nil Nil Nil	Nil Nil Nil
8.	The ratio of pay of MD & CEO to the mean pay of the Bank as a whole (excluding sub-staff in the grade of MG03B and below)	6.69x	5.04x



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Schedules forming part of the financial statements for the year ended March 31, 2023

### 37. Disclosure of Complaints

#### A. Customer Complaints in details

(i) For FY 2022-23:

Grounds of complaints (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Out of 5, number of complaints pending beyond 30 days
Internet/Mobile/Electronic Banking	162	39,054	307%	217	12
Account opening/difficulty in operation of accounts	16	8,974	781%	362	14
ATM/Debit Cards	4	323	(35%)	8	1
Prepaid Instruments	22	4,359	94%	117	4
Staff Behavior	-	24	-	-	-
Others	330	14,017	5%	413	4
<b>Total</b>	<b>534</b>	<b>66,751</b>	<b>150%</b>	<b>1,117</b>	<b>35</b>

(ii) For FY 2021-22:

Grounds of complaints (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Out of 5, number of complaints pending beyond 30 days
Internet/Mobile/Electronic Banking	177	9,597	(19%)	162	13
Account opening/difficulty in operation of accounts	107	1,019	(87%)	16	3
Others	243	13,334	236%	330	201
ATM/Debit Cards	5	496	(75%)	4	0
Prepaid Instruments	3	2,246	413%	22	0
<b>Total</b>	<b>535</b>	<b>26,692</b>	<b>3%</b>	<b>534</b>	<b>217</b>



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Schedules forming part of the financial statements for the year ended March 31, 2023

*B. Customer Complaints received by the Bank from customers and from the Banking Ombudsman (OBSs)*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<u>Complaints received by the Bank from its customers</u>		
No. of complaints pending at the beginning of the year	534	535
No. of complaints received during the year	66,751	26,692
No. of complaints disposed during the year	66,168	26,693
Of which, Number of complaints rejected by the Bank	2,091	424
No. of complaints pending at the end of the year	1,117	534
<u>Maintainable complaints received by the Bank from OBOs</u>		
Number of maintainable complaints received by the Bank from OBOs	2,399	2,711
Of which, number of complaints resolved in favour of the Bank by BOs	1,043	2,613
Of which, number of complaints resolved through conciliation/mediation/advisories issued by BOs	1,356	98
Of which, number of complaints resolved after passing of Awards by BOs against the Bank	Nil	Nil
Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

*C. Awards passed by the Banking Ombudsman*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
No. of unimplemented Awards at the beginning of the year	Nil	Nil
No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
No. of Awards implemented during the year	Nil	Nil
No. of unimplemented Awards at the end of the year	Nil	Nil





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Schedules forming part of the financial statements for the year ended March 31, 2023

*D. Complaints relating to the Bank's customers on other banks' ATMs*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
No. of complaints pending at the beginning of the year	0	0
No. of complaints received during the year	118	128
No. of complaints redressed during the year	113	128
No. of complaints pending at the end of the year	5	0

*E. Complaints relating to the Bank's customers on bank's Own ATMs*

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
No. of complaints pending at the beginning of the year	0	0
No. of complaints received during the year	2	0
No. of complaints redressed during the year	2	0
No. of complaints pending at the end of the year	0	0

**38. Letter of Comfort (LOC) and Bancassurance:**

Bank has not issued any Letter of Comfort and not engaged in any insurance broking, agency or bank assurance business during the year ended March 31, 2023 and March 31, 2022.

**39. Concentration of Deposits**

	(Rs. in '000)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total deposits of twenty largest depositors	4,000	4,000
Percentage of deposits of twenty largest depositors to total deposits of the Bank	0.012%	0.015%

**40. Concentration of Exposure**

	(Rs. in '000)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total Exposure to twenty largest borrowers / customers	Nil	Nil
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	Nil	Nil

Exposure is defined as credit and investment exposure as prescribed in Master Circular on exposure Norms. Considering that the Bank did not extend any credit or did not provide any line of credit to either customers or to related parties, there is no fund/non-fund based exposure. Further, since the Bank didn't take any risk on behalf of its customers or related parties, investment exposure is also Nil.



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Schedules forming part of the financial statements for the year ended March 31, 2023

**41. Transfers to Depositor Education and Awareness Fund (DEAF) :**

Particulars	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the year	Nil	Nil
Less : Amounts reimbursed by DEAF towards claims	Nil	Nil
Closing balance of amounts transferred to DEAF	Nil	Nil

**42. Deferred Tax :**

The deferred tax asset (net) amounting to Rs. 185,746 ('000) as at March 31, 2023 and Rs. 119,791 ('000) as at March 31, 2022, is included under "other assets" in the Balance Sheet and the movement of the deferred tax during the year amounting to Rs. (65,955) ('000) [PY (Rs. 15,321) ('000)] has been (credited) / charged to the profit and loss account.

The components that give rise to the deferred tax asset included in the balance sheet are as follows:

Particulars	(Rs. in '000)	
	As at March 31, 2023	As at March 31, 2022
Depreciation	46,487	35,196
Provision for gratuity and leave benefits	77,379	60,845
Other provision	61,880	23,750
<b>Total</b>	<b>185,746</b>	<b>119,791</b>

**43. Details of provisioning related to fraud accounts:**

Particulars	(Rs. in '000)	
	March 31, 2023	March 31, 2022
No. of frauds reported (reported during the year) <sup>#</sup>	5	8
Amount involved in such frauds (net of recovery)	4,007	109
Quantum of provisions made *	4,007	Nil
Quantum of unamortised provision debited from "other Reserves" at the end of the year	Nil	Nil

\*Excludes amount written off.

<sup>#</sup> At the end of FY2023, certain unusual transactions aggregating to Rs. 3.36 crore have been taken up for an internal review and were reported to the RBI on April 17, 2023 in FMR1 return. As the internal review and assessment is not yet completed, the Bank as a prudent measure has created a provision of 25% during the year.

44. During the year, pursuant to the RBI circular RBI/2021-22/95 DOR.GOV.REC.44/29.67.001/2021- 22 dated August 30, 2021, the Bank has recognized the cost of share linked compensation granted to MD & CEO, Material Risk Takers and Control Function Staffs after the accounting period ended March 31, 2021 amounting to Rs. 5,682 ('000) (Previous year Rs. 35,897 ('000)). This cost has been included in "Payments to and provisions for employees" under schedule 16 "Operating expenses".

Pursuant to contractual arrangement between Bank and One97 Communications Limited effective from December 01, 2022, the Bank recognizes the cost for ESOP's granted to the employees of the Bank amounting to Rs. 95,399 ('000) included under "Payments to and provisions for employees" in the Profit and Loss Account.



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Schedules forming part of the financial statements for the year ended March 31, 2023

45. During the year, the Bank has reversed the excess provisions outstanding for more than 3 years pertaining to operational expenses amounting to Rs.85,787 ('000) (Previous year: Rs. 106,575 ('000) ), which has been netted off against "Other expenditure" under schedule 16 "Operating expenses".

46. Payment of DICGC insurance premium :

Particulars	(Rs. in '000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Payment of DICGC Insurance Premium *	39,811	24,787
Arrears in Payment of DICGC Insurance Premium	-	-

\* Amount of Insurance Premium is inclusive of GST@ 18%

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**47. Liquidity Coverage ratio (LCR) :**

- Liquidity Coverage Ratio (LCR) standard has been introduced with the objective that a Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. The shock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. LCR has been defined as Stock of High Quality assets than can be readily sold or used as collateral to obtain funds in a range of stress scenarios.
- To assess Bank's resilience in liquidity stress scenario of 30 days with its high-quality liquid assets, Banks need to compute Liquidity Coverage Ratio (LCR) as per RBI - Basel III Framework on Liquidity Standards. High Ratio signifies Bank has enough liquid assets which it can use to fulfil its liquidity obligations in acute stress scenario.

- Ratio to compute as below:

$$\text{LCR} = \frac{\text{Stock of High Quality Liquid Assets (HQLA)}}{\text{Net Cash Outflows over a 30 days period}}$$

- Stock of High Quality Liquid Asset is total funding liquid assets could generate in stress scenario. Net Cash outflows is the difference as derived by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.
- The Bank has implemented LCR framework and has consistently maintained the LCR percentage well above the regulatory threshold limit. For the period ended March 31, 2023 HQLA stood at Rs. 3,883 crore and LCR at 267%. Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Treasury is entrusted with the responsibility, under the guidance of the ALCO operationalising liquidity management within the Bank. ALM Risk unit independently measures, monitors & report Liquidity Risk as per regulatory & internal guidelines.
- There are two categories of assets:  
Level 1 with 0% haircut and level 2A with minimum 15% haircut and level 2B assets with a minimum 50% haircut.
- Though RBI has not mandated the preparation of LCR for Payments Banks, the same has been prepared and disclosed below on a conservative basis. Beginning Jan 2015, LCR has been mandated at 60% which was raised to 100% in equal steps by 2019. Accordingly LCR has been set at 100%.
- As per RBI guidelines on Basel III framework dated April 17, 2020, LCR is not yet mandated for Payments Banks. The Bank is complying to LCR voluntarily and the same is being disclosed as a best practice.
- The HQLA of the Bank is mainly driven by excess SLR investments of INR 2,860 crore which is close to 74% of entire HQLA.  
Another major component is the excess CRR balance, to the tune of INR 809 crore which is close to 21% of the HQLA.



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Schedules forming part of the financial statements for the year ended March 31, 2023

	(Rs. in '000)			
	Unweighted value (Average)	Weighted value (Average)	Unweighted value (Average)	Weighted value (Average)
	FY 2022-23		FY 2021-22	
<b>Total High-Quality Liquid Assets (HQLA)</b>		<b>38,831,851</b>		<b>43,725,651</b>
<b>Cash Outflows</b>				
Retail deposits and deposits from small business customers, of which :				
Stable deposits	1,822,479	91,124	2,093,935	209,393
Less stable deposits	52,396,782	5,239,678	45,862,750	9,172,550
Unsecured Wholesale Funding of which :				
Operational deposits (all counterparts )	9,775,057	9,266,186	9,605,232	8,826,034
Non- Operational Deposits (all counterparties)	-	-	-	-
Unsecured Debt	-	-	-	-
Secured Wholesale funding	-	-	-	-
Additional requirements, of which :				
Outflows related to derivative exposures and collateral requirements	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-
Credit & Liquidity facilities	-	-	-	-
Other contractual funding obligations	145,872	145,872	5,418,440	5,418,440
Other contingent funding obligations	-	-	-	-
<b>Total Cash Outflows)</b>	<b>64,140,190</b>	<b>14,742,861</b>	<b>62,980,357</b>	<b>23,626,418</b>

	(Rs. in '000)			
	Unweighted value (Average)	Weighted value (Average)	Unweighted value (Average)	Weighted value (Average)
	FY 2022-23		FY 2021-22	
<b>Cash Inflows</b>				
Secured Lending (eg reverse repos)			-	-
Inflows from fully performing exposures	5,944,929	5,538,704	5,472,112	5,138,823
Other cash inflows			-	-
<b>Total Cash Inflows</b>	<b>5,944,929</b>	<b>5,538,704</b>	<b>5,472,112</b>	<b>5,138,823</b>
<b>Total Adjusted Value</b>				
Total HQLA		<b>38,831,851</b>		<b>43,725,651</b>
Net Cash Outflow #		<b>14,535,655</b>		<b>18,487,595</b>
<b>Liquidity Coverage Ratio</b>		<b>267%</b>		<b>237%</b>

# Net Cash outflow post considering runoff factors of the bank.



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2023

**48. Drawn from Reserves :**

The Bank has not drawn any amount from reserves during the year ended March 31, 2023.

**49. Additional Disclosures**

Remuneration of Directors ((Non-executive)

Particulars	(Rs. in '000)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Sitting Fees	11,100	8,890

**50. Corporate Social Responsibility:**

As per Section 135(1) of the Companies Act 2013, "Every Company having net worth of rupees five hundred crore or more , or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be independent director". Further, the Company should spend , in every financial year at least two percent of the average net profits of the Company made during the three immediately preceding financial years , in pursuance of its Corporate Social responsibility policy.

Average net profits for the last three years computed in accordance with Sec. 198 of the Companies Act, 2013 is Rs. 398,951 ('000) and accordingly for FY 2022-23, the Bank is required to contribute minimum Rs. 7,979 ('000) towards CSR spend

During the FY 2022-23, the Bank has contributed Rs. 8,000 ('000) in various schemes and there is no further amount outstanding, which is required to be contributed by the Bank in accordance with the provision as mentioned above.

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CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2023

51. Previous year figures have been regrouped / reclassified where necessary to make them comparable to the current year classification.

**For J.C. Bhalla & Co.**

ICAI Firm Regn. No. 001111N

## Chartered Accountants

Nett.

Rajesh Sethi

Partner

Membership No. 085669

Place: NOIDA

Date: April 22, 2023

**For and on behalf of the Board of Directors of Paytm Payments Bank Limited**

VIJAY SHEKHAR SHARMA

Vijay Shekhar Sharma  
(Part time Chairman & Director)

(DIN : 00466521)

Place:Delhi

Date: April 22, 2023

Vaibhav Gosh

Vaibhav Goel

(Director)

(DIN : 06658218)

Place: Gurugram

Date: April 22, 2023

**SACHI** Digitally signed  
**N JAIN** by SACHIN JAIN  
Date: 2023.04.22  
17:55:12 +05'30'

Sachin Jain

(Company Secretary)

Place: NOIDA

Date: April 22, 2023

SURINDER  
SINGH  
CHAWLA

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SURINDER SINGH  
CHAWLA  
Date: 2023.04.22 18:03:36  
+05'30'

Surinder Chawla  
(Managing Director & CEO)

(DIN : 10039951)

Place:Mumbai

Date: April 22, 2023

MUKUND  
SHYAMRAO  
BARSAGADE

Digitally signed by MUKUND SHYAMRAO BARSAGADE  
DN: cn=, o=PAYTM PAYMENTS BANK LIMITED,  
c=PAYTM PAYMENTS BANK LIMITED,  
2.5.4.20=3b2d2a19031313f1a00c3f0ed14ccc30b89  
54125b7cf0c4a09743016, postalCode=201303,  
st=Uttar Pradesh,  
serialNumber=3F389350E128DD4531018B0AF5460D70  
12C66DD8D323D585A04C197508B0419, cn=MUKUND  
SHYAMRAO BARSAGADE  
Date: 2023.04.26 16:56:25 +05'30'

Mukund Barsagade

(Chief Financial Officer)

Place: Mumbai

Date: April 22, 2023

