

INDEPENDENT AUDITOR'S REPORT

To the Members of Paytm Payments Bank Limited

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the accompanying financial statements of Paytm Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2024 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 (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the aforesaid financial statements do not give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("Act") read with the 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, 2024, and its loss, and its cash flows for the year ended on that date.

Basis for Adverse Opinion

1. We draw attention to Note 18.2 to the financial statements wherein it is stated that the Reserve Bank of India ("RBI") has imposed restrictions on the banking operations of the Bank and that the restrictions imposed on the Bank have severely curtailed its banking operations, thereby limiting its avenues of income generation. These conditions, among others, raise substantial doubt and material uncertainty about the abilities of the Bank to continue as a going concern. However, the Management of the Bank have stated that these financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

In our opinion, the restrictions imposed by the RBI have crippled the Bank's operations leaving it with no realistic alternative but to cease operations and/or to liquidate the entity as it has no realistic alternative but to do so. Further,

- The Bank has not received any response from the RBI for its various requests to commence banking operations in a staggered way.
- The Bank's stand that RBI has allowed the Bank to appoint Managing Director/Chief Executive Officer (CEO) for three years and the Bank is in engagement with the RBI as regards the action taken by it to mitigate regulator's concern and the fact that the Bank's banking license is still valid are not sufficient factors to mitigate the risk of going concern since the Bank's operations continue to remain suspended even as on date of this report.
- The Bank has not shared any alternative future plan in the event the restrictions imposed by the RBI are not lifted.



- The period of 12 months stated for assessment of going concern assumption is the minimum period stated for such assessment and should be extended to further subsequent periods, where considered necessary. In the circumstance of the Bank, the Management has not been able to provide any projections after March 2025 to substantiate the validity of the going concern assumption as at March 31, 2024.
- The Bank's Management has recorded substantial impairment to its assets and has also derecognized the deferred tax asset on timing differences that were recognized in earlier years due to Management's assessment that sufficient future taxable income will not be available against which the deferred tax asset can be realized. These actions of the Management itself indicate that there is significant doubt about the ability of the Bank to continue as a going concern.

Considering the above, in our opinion, Management's use of the going concern basis of accounting in the financial statements is not appropriate and the financial statements should have been prepared other than on a going concern basis. We are unable to quantify the impact of the said deviation in the basis of preparation of the financial statements on the recognition, measurement, presentation and disclosure of the assets, liabilities and income and expenditure in these financial statements.

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 adverse opinion.

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.

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. The Director's report is expected to be made available to us after the date of the auditor's report. Accordingly, we have nothing to report in this regard as on the date of this audit report.



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.
- 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 relevant rules issued thereunder. Due to effect of matters described in Para 1 of the 'Basis for Adverse Opinion' paragraph above, the aforesaid financial statements do not comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act").
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. we have sought and except for the effects of the matters described in the 'Basis for Adverse Opinion' section above, 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, except for the matter described in paragraph 1 of the 'Basis for Adverse Opinion' section, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. Except for the effects of the matters described in the 'Basis for Adverse Opinion' section above, 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, due to the effects of the matters described in the "Basis for Adverse Opinion" section above, the aforesaid financial statements do not 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. The matters described in the 'Basis for Adverse Opinion' section, and in the modified report on Internal Financial Controls over Financial Reporting (Refer Annexure A), in our opinion, may have an adverse effect on the functioning of the Bank.
 - f. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g. The adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Adverse Opinion' section above;
 - h. 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" expressing an adverse opinion.
 - i. 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



- j. 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;
 - ii. Except for the possible effects of the matters described in the 'Basis of Adverse Opinion' section above, 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;
 - 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 causes us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditor's) Rules, 2014 (as amended), as provided under (a) and (b) above, contain any material misstatement.
- k. 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.



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

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



(Rajesh Sethi)
Partner
Membership No. 085669
UDIN: 24085669BKESCP9246

Place : Noida
Date : 21.09.2024



Annexure A referred to in paragraph 3 (h) 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, 2024 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. As per the Guidance Note, in our audit of internal financial controls with reference to financial statements, neither are we responsible for nor required to test the adequacy and operating effectiveness of operational controls that do not impact items in the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse 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 authorizations 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.

Material Weakness

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the design, implementation and operating effectiveness of the Bank's internal financial controls with reference to the financial statements as at March 31, 2024:

- a. The Bank's internal controls over financial reporting with respect to financial statements closure process in terms of assessing the Bank's ability to continue as a going concern were not designed, implemented and not operating effectively, which is likely to result in material misstatements in the recognition, measurement, presentation and disclosure of assets and liabilities in the financial statements having a consequential impact on the income, expenditure and the results of operations of the Bank.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Bank's annual or interim financial statements will not be prevented or detected on a timely basis.



Adverse opinion

In our opinion, because of the matters described in the Material Weaknesses section above on the achievement of the objectives of the control criteria, the Company has not maintained internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were not operating effectively as of March 31, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Bank as at and for the year ended March 31, 2024, and this material weakness has affected our opinion on the financial statements of the Bank and we have issued an adverse opinion on the financial statements

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



(Rajesh Sethi)
Partner
Membership No. 085669
UDIN: 24085669BKESCP9246

Place: Noida
Date : 21.09.2024



Paytm Payments Bank Limited
CIN : U65999DL2016PLC304713
Balance Sheet as at March 31, 2024

(Rs. in '000)

	Schedule	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
CAPITAL & LIABILITIES			
Capital	1	40,00,000	40,00,000
Reserves & surplus	2	(8,82,128)	6,79,490
Deposits	3	58,85,579	3,28,52,679
Borrowings	4	-	-
Other liabilities & provisions	5	1,98,77,652	6,09,06,723
Total		2,88,81,103	9,84,38,892
ASSETS			
Cash and balances with Reserve Bank of India	6	1,24,71,317	1,27,89,478
Balances with banks and money at call and short notice	7	21,67,861	1,86,55,711
Investments	8	1,07,57,763	4,68,73,410
Advances	9	-	-
Fixed assets	10	7	4,37,209
Other assets	11	34,84,155	1,96,83,084
Total		2,88,81,103	9,84,38,892
Contingent liabilities	12	6,32,663	21,44,156
Significant Accounting Policies	18		
Notes to Financial information	19-57		

The schedules referred to above form an integral part of the audited financial information.

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

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


Rajesh Sethi
(Partner)


Arvind Kumar Jain
(Independent Director)


Srinivasan Sridhar
(Part-time Chairman &
Independent Director)


Arun Kumar Bansal
(Managing Director
& Chief Executive Officer)

Membership No. 085669 (DIN : 07911109)
Place: Noida
Date: 21.09.2024

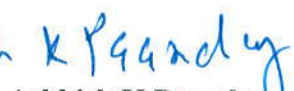
Place: Noida


Date: September 14, 2024

(DIN : 00004272)
Place: Mumbai
Date: September 14, 2024

(DIN : 08425582)
Place: Noida
Date: September 14, 2024




Ashhish K Paanday
(Company Secretary)
Place: Noida
Date: September 14, 2024


Nipun Bhatia
(Chief Financial Officer)
Place: Noida
Date: September 14, 2024

Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Profit & Loss Account for the year ended March 31, 2024

(Rs. in '000, except per share data)			
	Schedule	For the year ended March 31, 2024 (Audited)	For the year ended March 31, 2023 (Audited)
I. INCOME			
Interest earned	13	49,33,856	39,02,346
Other income	14	2,02,87,630	2,28,80,055
Total		2,52,21,486	2,67,82,401
II. EXPENDITURE			
Interest expended	15	6,06,611	7,23,639
Operating expenses	16	2,57,28,175	2,58,37,515
Provisions and contingencies	17	4,48,318	75,843
Total		2,67,83,104	2,66,36,997
III. PROFIT			
Net Profit/(Loss) for the period / year		(15,61,618)	1,45,404
Profit brought forward		3,81,033	2,71,980
Total		(11,80,585)	4,17,384
IV. APPROPRIATIONS			
Transfer to statutory reserves		-	36,351
Transfer to other reserves		-	-
Transfer to Investment Fluctuation Reserve		2,504	-
Transfer to government / proposed dividend		-	-
Balance carried over to balance sheet		(11,83,089)	3,81,033
Total		(11,80,585)	4,17,384
V. EARNINGS PER EQUITY SHARE (Face value Rs. 10 per share)			
Basic		(3.90)	0.36
Diluted		(3.90)	0.36
Significant Accounting Policies	18		
Notes to Financial information	19-57		

The schedules referred to above form an integral part of the audited financial information.

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

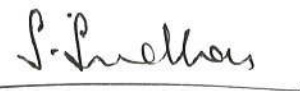
Date: 21.09.2024


Arvind Kumar Jain
(Independent Director)

(DIN : 07911109)

Place: Noida

Date: September 14, 2024

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

Srinivasan Sridhar
(Part-time Chairman &
Independent Director)

(DIN : 00004272)

Place: Mumbai

Date: September 14, 2024


Arun Kumar Bansal
(Managing Director
& Chief Executive Officer)

(DIN : 08425582)

Place: Noida

Date: September 14, 2024



Ashhish K Paanday
(Company Secretary)

Place: Noida

Date: September 14, 2024


Nipun Bhatia
(Chief Financial Officer)

Place: Noida

Date: September 14, 2024

Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Cash Flow Statement for the year ended March 31, 2024

	(Rs. in '000)	
	For the year ended March 31, 2024 (Audited)	For the year ended March 31, 2023 (Audited)
A. Cash flow from operating activities		
Profit before tax	(11,59,744)	2,18,745
Adjustments for:		
Add : Depreciation on fixed assets	3,27,413	3,51,200
Add: (Profit)/ Loss on sale / discard of fixed assets (net)	(279)	11,525
Add: Provision for impairment of investment in shares	-	-
Add: Provision for impairment of fixed assets	6,75,792	-
Add: Provision for impairment of other assets	12,25,388	-
Add: Provisions for doubtful debts	13,166	9,373
Add: Provision for operational losses (net)	33,278	(6,870)
Operating profit before working capital changes	11,15,014	5,83,973
Movements in working capital:		
Increase / (Decrease) in deposits	(2,69,67,101)	64,29,206
(Increase) / Decrease in other assets	1,39,90,800	(28,86,228)
(Increase) / Decrease in investments	3,61,15,647	63,52,656
Increase / (Decrease) in other liabilities and provisions	(4,10,20,811)	(5,59,220)
Cash generated from operations	(1,67,66,451)	99,20,387
Direct taxes paid (net of refunds)	5,34,424	(3,77,989)
Net cash from operating activities (A)	(1,62,32,027)	95,42,398
B. Cash flow from investing activities		
Purchase of fixed assets	(5,54,283)	(1,34,055)
Proceeds from sale of assets	(19,701)	36,184
Net cash used in investing activities (B)	(5,73,984)	(97,871)
Net cash from financing activities (C)	-	-
Net increase in cash and cash equivalents (A+B+C)	(1,68,06,012)	94,44,526
Cash and cash equivalents at the beginning of the year	3,14,45,189	2,20,00,663
Cash and cash equivalents at the end of the year	1,46,39,178	3,14,45,189

Notes:

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

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
Cash and Balances with Reserve Bank of India (Schedule 6)	1,24,71,317	1,27,89,478
Balances with Banks and Money at Call and Short Notice (Schedule 7)	21,67,861	1,86,55,711
Total	1,46,39,178	3,14,45,189

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: 21.09.2024



Arvind Kumar Jain
(Independent Director)

(DIN : 07911109)

Place: Noida

Date: September 14, 2024

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

Srinivasan Sridhar
(Part-time Chairman &
Independent Director)

(DIN : 00004272)

Place: Mumbai

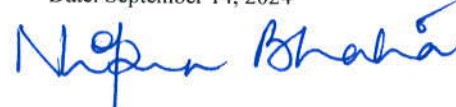
Date: September 14, 2024


Arun Kumar Bansal
(Managing Director
& Chief Executive Officer)

(DIN : 08425582)

Place: Noida

Date: September 14, 2024


Nipun Bhatia
(Chief Financial Officer)

Place: Noida

Date: September 14, 2024


Ashhish K Paanday
(Company Secretary)

Place: Noida

Date: September 14, 2024

Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 1 - Capital

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
Authorised Capital 400,000,000 (previous year : 400,000,000) equity share of Rs. 10 each	40,00,000	40,00,000
Issued, subscribed and paid-up capital 400,000,000 (previous year : 400,000,000) equity shares of Rs. 10 each	40,00,000	40,00,000
Total	40,00,000	40,00,000

Schedule 2 - Reserves and Surplus

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Statutory Reserves		
Opening balance	2,98,457	2,62,106
Additions during the year	-	36,351
Deductions during the year	-	-
Sub total (A)	2,98,457	2,98,457
II. Capital Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (B)	-	-
III. Share Premium		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (C)	-	-
IV. Revenue and Other Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (D)	-	-
V. Investment Fluctuation Reserves		
Opening balance	-	-
Additions during the year	2,504	-
Deductions during the year	-	-
Sub total (E)	2,504	-
VI. Balance in statement of Profit & Loss	(11,83,089)	3,81,033
Sub total (F)	(11,83,089)	3,81,033
Total (A+B+C+D+E+F)	(8,82,128)	6,79,490



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 3 - Deposits

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
A. I. Demand Deposits		
(i) From banks	-	-
(ii) From others	3,66,872	36,59,500
Sub total (A)	3,66,872	36,59,500
II. Savings bank deposits	55,18,707	2,91,93,179
III. Term Deposits		
(i) From banks	-	-
(ii) From others	-	-
Sub total (I, II, III)	58,85,579	3,28,52,679
B. (i) Deposits of branches in India	58,85,579	3,28,52,679
(ii) Deposits of branches outside India	-	-
Sub total (B)	58,85,579	3,28,52,679
Total	58,85,579	3,28,52,679

Schedule 4 - Borrowings

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Borrowing in India		
(i) Reserve Bank of India	-	-
(ii) Other banks	-	-
(iii) Other institutions and agencies	-	-
Sub total (A)	-	-
II. Borrowings outside India	-	-
Sub total (B)	-	-
Total (A+B)	-	-

Schedule 5 - Other liabilities and provisions

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interests accrued	-	-
IV. Others (including provisions)*	1,98,77,652	6,09,06,723
Total	1,98,77,652	6,09,06,723

* includes balances in semi-closed wallets



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 6 - Cash and balances with Reserve Bank of India

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Cash in hand (including foreign currency notes)	1,738	2,15,879
II. Balance with Reserve Bank of India		
(i) in current account	34,69,579	1,25,73,599
(i) in other accounts	90,00,000	-
Total	1,24,71,317	1,27,89,478

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

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. In India		
(i) Balances with banks:		
(a) in current accounts	13,53,600	29,87,815
(b) in other deposit accounts	8,14,261	1,56,67,896
Sub total (A)	21,67,861	1,86,55,711
(ii) Money at call and short notices		
(a) with banks	-	-
(a) with other institutions	-	-
Sub total (B)	-	-
Total (A+B) (I)	21,67,861	1,86,55,711
II. Outside India		
(a) in current accounts	-	-
(b) in other deposit accounts	-	-
(b) Money at call and short notices	-	-
Total (II)	-	-
Total (I+II)	21,67,861	1,86,55,711



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 8 - Investments

	(Rs. in '000)	
	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Investments in India (net of provisions) in :		
(i) Government securities	1,06,30,795	4,67,46,442
(ii) Other approved securities	-	-
(iii) Shares	1,26,968	1,26,968
(iv) Debentures and bonds	-	-
(v) Subsidiaries and / or joint ventures	-	-
(vi) Others	-	-
Less: Impairment provision for the year	-	-
Sub total (A)	1,07,57,763	4,68,73,410
II. Investments outside India (net of provisions) in :		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and / or joint ventures abroad	-	-
(iii) Other investments	-	-
Sub total (B)	-	-
Total (A+B)	1,07,57,763	4,68,73,410
Provision for Depreciation on Performing Investments	-	-
Provision for Depreciation on Non- Performing Investments	-	-
Total	1,07,57,763	4,68,73,410



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 9 - Advances**(Rs. in '000)**

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
A. (i) Bills Purchased and Discounted		
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	-	-
Sub total (A)	-	-
B. (i) Secured by tangible assets (including advances against book debt)		
(ii) Covered by Bank / Government guarantees	-	-
(iii) Unsecured	-	-
Sub total (B)	-	-
C. (I) Advances in India		
(i) Priority sectors (including export finance)	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
Sub total (C)	-	-
D. (II) Advances outside India		
(i) Due from banks	-	-
(i) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicate loans	-	-
(c) Others	-	-
Sub total (D)	-	-
Total (C+D)	-	-



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 10 - Fixed assets

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Premises (including land)		
Gross block		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Total (A)	-	-
Depreciation		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
Total (B)	-	-
Net block (A-B) (I)	-	-
II. Other fixed assets (including furniture and fixtures)		
Gross block		
At cost on 31 March of the preceding year	16,31,843	16,18,539
Additions during the year	2,16,938	1,21,618
Deductions during the year	(30,219)	(1,08,314)
Total (A)	18,18,562	16,31,843
Depreciation		
As at 31 March of the preceding year	12,49,138	9,78,421
Charge for the year	2,79,987	3,31,321
On deductions during the year	(50,199)	(60,604)
Total (B)	14,78,926	12,49,138
Impairment		
Impairment provision for the year	3,39,629	-
Total (C)	3,39,629	-
Net block (A-B-C) (II)	7	3,82,705

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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 10 - Fixed assets (continued)

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
III. Intangible assets		
Gross block		
At cost on 31 March of the preceding year	16,12,119	15,87,903
Additions during the year	2,52,635	24,216
Deductions during the year	-	-
Total (A)	18,64,754	16,12,119
Amortisation		
As at 31 March of the preceding year	15,76,917	15,57,038
Charge for the year	47,426	19,879
On deductions during the year	-	-
Total (B)	16,24,343	15,76,917
Impairment		
Impairment provision for the year	2,40,411	-
Total (C)	2,40,411	-
Net block (A-B-C) (III)	0	35,202
IV. Assets on lease		
Gross block		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Total (A)	-	-
Depreciation		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
Total (B)	-	-
Net block (A-B) (IV)	-	-
V. Capital- work-in progress	95,752	19,301
Less: Impairment provision for the year	95,752	-
Total (V)	-	19,301
Total (I+II+III+IV+V)	7	4,37,209

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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 11 - Other assets

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Inter-office adjustment (net)	-	-
II. Interest accrued	58,560	3,76,329
III. Tax paid in advance/tax deducted at source	4,84,986	9,17,832
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others	41,65,998	1,83,88,923
Less: Impairment provision for the year	12,25,388	-
Total	34,84,156	1,96,83,084

Schedule 12 - Contingent liabilities

(Rs. in '000)

	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
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*	6,32,663	21,44,156
Total	6,32,663	21,44,156

Other items for which the bank is contingently liable

(Rs. in '000)

Legal Cases	42,758	39,431
Capital Commitment	60,618	2,678
Bank Guarantee	5,24,762	21,02,047
Depositor Education and Awareness Fund	4,524	-
Total	6,32,663	21,44,156



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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 13 - Interest earned

(Rs. in '000)

	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Interest/discount on advance/bills	-	
II. Income on investments	30,92,823	27,74,429
III. Interest on balances with Reserve Bank of India and other inter-bank funds	9,10,930	6,17,447
IV. Others	9,30,103	5,10,470
Total	49,33,856	39,02,346

Schedule 14 - Other income

(Rs. in '000)

	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Commission, exchange and brokerage *	2,02,34,390	2,28,63,687
II. Profit / (loss) on sale of investments (net)	(36,236)	-
III. Profit / (loss) on revaluation of investments (net)	-	-
IV. Profit / (loss) on sale of land, buildings and other assets (net)	279	(11,525)
V. Profit / (loss) on exchange transactions (net)	(1)	420
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous Income	89,198	27,473
Total	2,02,87,630	2,28,80,055

** includes income earned from wallet utilisation*

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Schedules forming part of the financial statements for the year ended March 31, 2024

Schedule 15 - Interest expended

	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Interest on deposits	6,06,593	7,23,519
II. Interest on Reserve Bank of India / Inter-bank borrowings	-	-
III. Others	18	120
Total	6,06,611	7,23,639

Schedule 16 - Operating expenses

	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Payments to and provisions for employees (refer note 1 below)	46,31,700	31,86,304
II. Rent, taxes and lighting	26,054	25,774
III. Printing and stationery	416	442
IV. Advertisement and publicity	12,71,263	11,13,711
V. Depreciation on Bank's property	3,27,413	3,51,200
VI. Director's fees, allowances and expenses	15,815	11,100
VII. Auditors' fees and expenses (including branch auditors)	5,500	5,000
VIII. Law charges	-	-
IX. Postages, Telegrams, Telephones, etc.	528	184
X. Repairs and maintenance	2,98,029	3,37,443
XI. Insurance	76,079	62,510
XII. Other expenditure (refer note 2 & 3 below)	1,90,75,378	2,07,43,847
Total	2,57,28,175	2,58,37,515

Notes:

1. Includes cost referred in to schedule 44
2. Other expenditure includes payment gateway charges
3. Includes cost referred in to schedule 28

Schedule 17 - Provisions and contingencies

	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
I. Provision for income tax	2,16,128	1,39,295
II. Deferred tax expenses (refer schedule 42)	1,85,746	(65,955)
III. Provisions for depreciation on investment	-	-
IV. Provisions for doubtful debts	13,166	9,373
V. Provision for operational losses (net)	33,278	(6,870)
Total	4,48,318	75,843



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Schedules forming part of the financial statements for the year ended March 31, 2024

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. Till January 31, 2024, the Bank was 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 was 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. These activities have been restricted by the RBI as mentioned in Note 18.2 Para 2.

18.2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, 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 the Companies (Accounting Standards) Rules 2021 and the relevant provisions of the Companies Act 2013 to the extent applicable and current practices prevailing within the banking industry in India.

During the Financial Year 2021-22, pursuant to a supervisory process, the Bank had received an initial communication from the Reserve Bank of India (RBI) on March 11, 2022. This communication directed the Bank to immediately stop onboarding new customers and to conduct a comprehensive system audit of its IT systems by an external audit firm. Subsequently, the Bank received the final RBI report, which outlined various compliance requirements. The Bank submitted various compliances to address the points raised by the regulator. However, the RBI issued additional communications on various dates, highlighting operational gaps and imposing further restrictions on the Bank's operations, including a directives on January 31, 2024 and another direction on February 16, 2024, along with a FAQ that imposed even stricter limitations. The restrictions imposed on the Bank have severely curtailed its banking operations, severely limiting its income generating avenues. As a result, substantial doubt and material uncertainty have arisen regarding the Bank's abilities to continue its operations.

The Bank has taken remedial steps to address the concerns raised by the RBI and has provided updates to the RBI on these steps on multiple occasions. The Bank has also requested permission from the RBI to resume operations in a phased manner. Pending response from RBI, the bank has assessed the carrying value of its assets and recorded impairment charge of Rs 19,01,180 ('000) on its income generating assets. Further, on the as is business, the Bank has prepared a projected cash flow requirements till September 30, 2025 and expects to have sufficient cash to meet its obligations as they arise. The Bank continues to engage with RBI for further directions and till such time it gets a response, it has no intention of ceasing operations or liquidating the Bank. Accordingly these financial statements are prepared on a Going concern basis. However, as a regulated entity, any decision regarding its continuance can only



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Schedules forming part of the financial statements for the year ended March 31, 2024

be made with the approval and/or directions of the RBI. Given the dependence on RBI for such approvals/directions, there exists a Material Uncertainty pertaining to regulatory action and the consequences thereof on the Bank's ability to continue as a Going Concern.

While awaiting the RBI's order on this matter following the various corrective actions taken by the Bank, the RBI has approved the appointment of a new MD&CEO on June 18, 2024, for a three-year term. The RBI has also approved the appointment of new Statutory Central Auditors (SCA) as the term of the current SCA is ending.

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. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets where the following criteria are met:



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Schedules forming part of the financial statements for the year ended March 31, 2024

1. The software is internally developed solely to meet the Bank's business or functional requirements
2. Ownership at all times to remain with the Bank i.e. controlled by the Bank
3. Software is separately identifiable
4. Software will generate probable future economic benefits and the cost of such software can be measured reliably.
5. It is probable that the expenditures will result in additional functionality that was not previously available.
6. The qualifying development cost of the software is estimated to be more than Rs. 30,000 ('000).

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.

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.

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.



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Schedules forming part of the financial statements for the year ended March 31, 2024

(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 the 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.

Disposal of Investments

Profit or loss on sale of investments is recognised in the Profit and Loss Account on trade/settlement date.



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Schedules forming part of the financial statements for the year ended March 31, 2024

(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.

(vi) UPI Incentive Income:

The UPI Incentive income is recognized once the scheme is announced by the Govt. and it is established that the Bank is eligible to receive the same.

(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.



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Schedules forming part of the financial statements for the year ended March 31, 2024

(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 a 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.

The above arrangement with One97 Communications Limited was terminated vide letter dated 29th February, 2024 effective from 31st March, 2024.



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(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,



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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 the 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.

(p) Investment Fluctuation Reserve

In terms of RBI Circular RBI/2017 - 18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, Investment Fluctuation Reserve is created basis lower of (a) net profit on sale of investments (Available For Sale) during the year and (b) net profit for the year less mandatory appropriations.

(q) Advances to Employees

As per the Operating guidelines for Payments Bank issued by the RBI on 06 October 2016('the Operating Guidelines'), Payments Banks (PBs) are not permitted to lend to any person including their directors. However, PBs may lend to their own employees out of the Bank's own funds, as per a Board approved policy outlining the caps on such loans.

(r) Deposits

As per the Operating guidelines Payments Bank can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 200,000 from 07th April 2021 by RBI as against the previous limit of Rs. 1,00,000. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / SFB (Small Finance Bank), for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that



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bank, with the prior written consent of the customer. The above limit shall apply to customer deposits and not to any security / earnest money deposit the Bank may collect from any of its service providers in the ordinary course of business.

(s) Provision for bad and doubtful debts

The Bank creates 25% provision against receivables outstanding for more than 180 days, 50% provision against receivables outstanding for more than 270 days and 100% provision against receivables outstanding for more than 365 days.

(t) Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI on April 18, 2007 vide circular no. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07.

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 the RBI.

Particulars	(Rs. in '000)	
	As at March 31, 2024	As at March 31, 2023
Common Equity Tier 1 CRAR (%)	122.50 %	28.35 %
Tier-1 CRAR (%)	122.50 %	28.35 %
Tier-2 CRAR (%)	0.10%	-
Total CRAR (%)	122.60 %	28.35 %
Total Risk Weighted Assets (RWAs)		
Leverage ratio	10.69 %	4.54 %
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	Nil	Nil
[Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]		

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.



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Schedules forming part of the financial statements for the year ended March 31, 2024

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, 2024	As at March 31, 2023
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	10,757,763	46,873,410
(b) Outside India	-	-
(ii) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments	-	-
(a) In India	10,757,763	46,873,410
(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	-	-
(3) Movement of Investment fluctuation Reserve		
(i) Opening balance	-	-
(ii) Add: Amount transferred during the year	2,504	-
(iii) Less: Drawdown -	-	-
(iv) Closing balance	2,504	-
(4) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT / Current category		-

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

Security	As at March 31, 2024				As at March 31, 2023			
	HTM	HFT	AFS	Total	HTM	HFT	AFS	Total
Govt. Securities	-	-	10,630,795	10,630,795	-	-	46,746,442	46,746,442
Other Approved Securities	-	-	-	-	-	-	-	-
Shares	-	-	126,968	126,968	-	-	126,968	126,968
Debentures/Bonds	-	-	-	-	-	-	-	-
Other-Mutual funds	-	-	-	-	-	-	-	-
Other-Joint Venture	-	-	-	-	-	-	-	-



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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, 2024

(Rs. in '000)

Particulars	Minimum Outstanding during the year	Maximum Outstanding during the year	Daily Average outstanding during the year (refer note 'b' below)	As on March 31, 2024
Securities sold under repo	-	-	-	-
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities [refer note (c) below]	2,107,070	3,624,260	2,865,665	-
ii. Corporate debt securities	-	-	-	-

(b) During the year ended March 31, 2023

(Rs. in '000)

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

Note:

- (a) Daily average outstanding during the year has been calculated considering only those days when reverse repo placement is done.

(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)	126,968 (126,968)



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Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(v)	Subsidiaries / Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total *	126,968 (126,968)	77,018 (77,018)	-	126,968 (126,968)	126,968 (126,968)

*Figures in bracket represent previous year figures as at March 31, 2023.

(i) Non-performing Non SLR investments

(Rs. in '000)

Particulars	As at March 31, 2024	As at March 31, 2023
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, 2024 and March 31, 2023.

Sale and transfer to / from HTM category: As per the Operating guidelines, Payments Banks are not permitted to classify any investment, other than those made out of their own funds, as HTM category. Further the investments made out of their own funds shall not, in any case be, in assets or investments in respect of which the promoter / a promoter group entity is a direct or indirect obligor.

During the current and previous year, there has been no sale/ transfer to/from Held to Maturity (HTM) category.

(v) Government Security Lending (GSL) transactions (in market value terms)

March 31, 2024

(Rs. in '000)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Total volume of transactions during the year	Outstanding as on March 31
Securities lent through GSL transactions	-	-	-	-	-
Securities borrowed through GSL transactions	-	-	-	-	-
Securities placed as collateral under GSL	-	-	-	-	-



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	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Total volume of transactions during the year	Outstanding as on March 31
transactions					
Securities received as collateral under GSL Transactions	-	-	-	-	-

March 31, 2023

(Rs. in '000)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Total volume of transactions during the year	Outstanding as on March 31
Securities lent through GSL transactions	-	-	-	-	-
Securities borrowed through GSL transactions	-	-	-	-	-
Securities placed as collateral under GSL transactions	-	-	-	-	-
Securities received as collateral under GSL Transactions	-	-	-	-	-

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, 2024 and March 31, 2023. Therefore, qualitative and quantitative disclosures under the 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.



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Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income to working funds	5.35%	4.03%
Non-interest income to working funds	219.96%	23.65%
Operating Profit to working funds	(1.26)%	0.23%
Return on assets	(1.69)%	0.15%
Net Profit per employee (Rs. in '000s)	(671)	89
Business (average deposits plus average advances) per employee (Rs. in '000s)	13,967	18,414

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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Schedules forming part of the financial statements for the year ended March 31, 2024

24. Maturity Pattern of Key Assets and Liabilities

The maturity pattern of key assets and liabilities for the year ended March 31, 2024 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	71,253	2,27,803	2,47,736						53,38,786			58,85,579
Advances												
Investments	13,19,288	30,63,978					10,26,952	52,20,578			1,26,968	1,07,57,763
Borrowings												-
Foreign Currency assets												-
Foreign Currency Liabilities												-

(Rs. in '000)

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 month	Over 2 Month & Up to 3 month	Over 3 months & up to 6 month	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)

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:

		(Rs. in '000)	
Particulars		As at March 31, 2024	As at March 31, 2023
(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;		
(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;	-	-
(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;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(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;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(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;	-	-
(ix)	financing to stockbrokers for margin trading;	-	-
(x)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		126,968	126,968

- c) Intra group Exposure: The bank does not have any exposure (advances/investments) within the group.



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Schedules forming part of the financial statements for the year ended March 31, 2024

26. Disclosure of Penalties imposed

Institution	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Reserve Bank of India	53,900	-
Financial Intelligence Unit	54,900	-

27. Strictures by Reserve Bank of India (RBI)

During FY2022, pursuant to a supervisory process, the RBI directed the Bank to stop the onboarding of new customer's w.e.f. March 11, 2022. During FY 2023, the 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 the 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, the RBI recommended remediating action steps (including further steps to be taken by the Bank) in a time bound manner. The Bank has submitted the compliance to these instructions of the RBI.

Further, the Bank as per the RBI's communication received in October 2023, is continuously engaged with the RBI in closing out of all persisting deficiencies. The Bank is in the process of complying with all remedial actions with respect to the supervisory engagement with the RBI in respect of the above communication and restrictions imposed on on-boarding of new customers since March 11, 2022. Further, the RBI vide press release dated Jan 31, 2024 updated on Feb 16, 2024, directed the Bank to stop Banking services including credit transactions in accounts/wallets w.e.f March 15, 2024. However, withdrawal or utilisation of balances by its customers from their accounts including savings bank accounts, current accounts, prepaid instruments, FASTags, National Common Mobility Cards, etc. are permitted without any restrictions, upto their available balance. The Bank is adhering to the RBI instructions and also submitting its compliances regularly.

The Bank have taken remedial steps in order to mitigate the concerns raised by the RBI. On various dates, the Bank had provided the RBI with updates on such remedial steps and had also requested the RBI to allow them to resume banking operations in a phased manner. Response from the RBI on above is awaited. The Bank has prepared projected cash flow for next 12 months i.e. F.Y 2024-25 and it expects that it will have adequate cash to meet its obligations as they fall due in order to continue its operations, as per the directive of RBI, in the next 12 months. The Management has no intention to cease operations or to liquidate the Bank. However, the restrictions mentioned in the aforesaid paragraphs have severely curtailed the banking operations of the Bank thereby presently rendering it with limited avenues of income generation. The Management of the Bank has reviewed various options of the way forward for the Bank and are of the view that there are no realistic alternatives for resumption of the Bank's operations without the permission of the RBI.



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Considering the above, the Bank has made Impairment Overlay Provision as below:

(Rs in '000s)

Sl. No	Particulars	Carrying Value as at March 31, 2024 before Impairment Overlay Provision (A)	Impairment Overlay Provision based on Estimated net realizable value as at March 31, 2024 (B)	Carrying Value as at March 31, 2024 after Impairment Overlay Provision (C) = (A) - (B)
1	Fixed assets	6,75,799	6,75,792	7
2	Other assets	47,09,544	12,25,388	34,84,156
	- GST input credit	9,39,390	9,39,390	-
	- Others	37,70,154	2,85,998	34,84,156

28. The Paytm Payments Bank has been awarded following projects for National Common Mobility Cards (NCMC) and has made various payments towards sourcing exclusive NCMC acquiring and card issuance rights in these projects -

(Rs in 000)

S. no	Project Name	Total Book value as on March 31, 2024
1	Delhi Metro Rail Corporation	546,272
2	Mumbai Metro One Pvt Ltd	355,844
3	Kadamba State Transport Corporation Ltd (KTCL), Goa	21,568
4	Uttar Pradesh Metro Rail Corporation (Lucknow Metro)	64,828
5	Uttar Pradesh State Road Transport Corporation	88,917
	Total	1,077,429

As per the agreement and on the basis of independent accounting opinion obtained by the Bank transactions under above contracts 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 and are being carried as prepaid expense in the Balance sheet.

Basis recent RBI press release dated January 31, 2024 updated on February 16, 2024 the Bank will no longer be able to fulfill its acquiring and issuing obligations in these NCMC projects post March 15, 2024 and hence it had initiated discussions with other banks to transition the business. Till 31st March, 2024 the Bank has signed three MOUs to transfer their rights to other parties and is under discussion to transfer the other projects. The Bank has obtained opinion from an independent firm regarding accounting treatment of the unamortised value of prepaid cost and recognition of income from transfer of agreement. Basis accounting opinion obtained, the Bank has fully amortised the value of prepaid cost relating to the above metro projects since there will be no revenue expected in future for these projects. Further, the income from transfer of rights to other parties has not been recognized in the year ended March 31, 2024 since the compliance with conditions stated in the MOU are in progress.



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Schedules forming part of the financial statements for the year ended March 31, 2024

29. Earnings per share (EPS):

Particulars	(Rs in '000, except per share data)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Net Profit after tax (Rs.)	(1,561,618)	145,404
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)	(3.90)	0.36
Diluted / share (Nominal value of share Rs. 10)	(3.90)	0.36

30. 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, 2024	For the year ended March 31, 2023
Current service cost	26,080	29,721
Past Service Cost including curtailment		
Gains/Losses		
Interest cost on benefit obligation	9,547	6,978
Expected return on plan assets		
Net actuarial loss recognized in the year	29,356	10,180
Net employee benefit expense	64,984	46,879

Details of defined benefit gratuity plan

Particulars	(Rs in '000)	
	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation	120,008	129,195
Fair value of planned assets	-	-
Plan assets / (liability)	-	-

(This space has been intentionally left blank)



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

Particulars	(Rs in '000)	
	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	129,195	96,121
Acquisition adjustment	(65,039)	6,710
Interest cost	9,547	6,978
Current service cost	26,079	29,721
Past Service Cost including curtailment		
Gains/Losses		
Benefits paid	(9,131)	(20,515)
Actuarial loss / (gain) on obligations	29,356	10,180
Closing defined benefit obligation	120,008	129,195

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Discount rate	7.13%	7.39%
Salary Escalation Rate		
For FY 23-24	-	0%
For FY 24-25	0%	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, 2024	For the year ended March 31, 2023
Up to 30 Years	35%	30%
From 31 to 44 years	35%	30%
Above 44 years	35%	30%

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

31. 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.



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32. 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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The following table provides required information for the primary segments for the year ended March 31, 2024 and March 31, 2023:

Particulars	(Rs. in '000)							
	Treasury		Retail banking		Wholesale banking		Other banking operations	
	2024	March 31, 2023	2024	March 31, 2023	2024	March 31, 2023	2024	March 31, 2023
Segment revenue	48,97,621	3,902,346	1,44,87,376	15,243,178	-	-	58,36,490	2,52,21,486
Segment result	37,64,055	3,230,697	(27,73,551)	(1,664,164)	-	-	(21,50,247)	(1,347,788)
Unallocated expenses								-
Operating Profit							(11,59,744)	218,745
Tax (expense) / reversal							(4,01,874)	(73,341)
Net profit							(15,61,618)	145,404
Segment assets	2,54,97,451	78,789,587	27,08,846	14,157,276	-	-	1,89,820	2,83,96,117
Income tax assets (net)								4,84,986
Total Assets	2,54,97,452	78,789,587	27,08,847	14,157,276	-	-	1,89,820	2,88,81,103
Segment liabilities	3,27,132	171,663	2,31,80,021	90,412,412	-	-	20,34,893	2,55,42,046
Unallocated liabilities								31,17,873
Income tax liabilities								2,21,184
Total Liabilities	3,27,133	171,663	2,31,80,021	90,412,412	-	-	20,34,893	2,88,81,103
								4,679,490
								-
								98,438,892



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33. Provisions and Contingencies

Particulars	(Rs in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Provision for income tax	2,16,128	139,295
Deferred tax expenses / (reversal) (refer schedule 42)	1,85,746	(65,955)
Provisions for doubtful debts	13,166	9,373
Provision for operational losses (net)	33,278	(6,870)

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'.

34. 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:

Particulars	(Rs in '000)	
	As at March 31, 2024	As at March 31, 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	48,788	35,827
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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35. Related Party Disclosure:

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended 31 March 2024 are disclosed below:

List of Related Parties	Relationship
Vijay Shekhar Sharma	Individuals with significant influence in voting power
One 97 Communications Limited	Enterprises with significant influence in voting power
Paytm E-Commerce Private Limited	Entity having common director
Applied Life Private Limited	Entity having common director
Paytm Money Limited	Entity having common director
Paytm Payments Services Limited.	Subsidiary of a company having significant influence in voting power
Paytm Services Private Limited	Subsidiary of a company having significant influence in voting power
First Games Technologies Private Limited	Subsidiary of a company having significant influence in voting power
Paytm Insurance Broking Limited	Subsidiary of a company having significant influence in voting power
Paytm Insider/Wasteland Entertainment Private Limited	Subsidiary of a company having significant influence in voting power
Paytm Services Private Limited	Subsidiary of a company having significant influence in voting power
First Games Technologies Private Limited	Subsidiary of a company having significant influence in voting power
One 97 Pay sprint Private Limited	Subsidiary of a company having significant influence in voting power
Surinder Chawla (Managing Director & Chief Executive resigned and relieved on July 10, 2024 Officer)	Key Managerial Person (KMP)
Pratap S Chawla; Gurdeep K Chawla; Surjeet Kaur Chawla; Ishan S Chawla; Aryan S Chawla; Tajinder Pal Singh; Satvinder Kaur Arora	Relatives of KMP

As per Master Direction on Financial Statements - Presentation and Disclosures updated on 1st April, 2024 Related parties for a bank are its parent, subsidiary (ies), associates/ joint ventures, Key Management Personnel (KMP) and relatives of KMP. KMP are the whole-time directors for an Indian bank and the Chief Executive Officer (CEO) for a foreign bank having branches in India. Relatives of KMP would be on the lines indicated in section 45 S of the RBI Act, 1934



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Items/Related Party	Individuals with significant influence in voting power	Enterprises with significant influence in voting power	Subsidiary of a company having significant influence in voting power	Entity having common director	Key Managerial Personnel (KMP)	Total
Sale of services	Nil (Nil)	7,356,222 (7,971,036)	1,341,962 (2,123,241)	Nil (Nil)	Nil (Nil)	8,698,184 (10,094,277)
Purchase of services	Nil (Nil)	6,943,879 (6,701,808)	858,719 (1,494,982)	360 (360)	Nil (Nil)	7,802,958 (8,197,149)
Purchase of Intangibles	Nil (Nil)	Nil (Nil)	6,742 (Nil)	Nil (Nil)	Nil (Nil)	6,742 (Nil)
Balance payable	Nil (Nil)	3,566,603 (13,493,166)	326,237 (3,584,398)	23,003 (Nil)	Nil (Nil)	3,915,843 (17,077,564)
Remuneration	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	30,094 (11,955)	30,094 (11,955)

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:

- To finalize the appointment, terms of engagements, remuneration to Directors in terms of provisions of the Companies Act, 2013;



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- 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.



(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 willful 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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(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

[(Rs. in '000), except no.'s]

S.no	Particulars	Year Ended March 31, 2024	Year ended March 31, 2023
1	a. Number of meetings held by the Remuneration Committee during the financial year	08	10
	b. Remuneration paid to its members during the financial year (sitting fees)	800	1,300
2.	a. Number of employees having received a variable remuneration award during the financial year	1	3
	b. Number and total amount of sign on awards made during the financial year	Nil	Nil
	c. Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
	d. Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
3.	a. Total amount of outstanding deferred remuneration payable. • Bonus and CSAR • RSU's (Nos.)	Nil Nil	7,192 130,104
	b. Total amount of deferred remuneration paid out in the financial year (amounts in '000) • Bonus and CSAR	Nil	3,693
4.	Breakdown of amount of remuneration awards for the financial year : Fixed pay Variable pay -non-deferred Variable pay -deferred • CSAR • RSU's (nos.)	25,000 5,116 Nil Nil	61,138 Nil 892,857 130,104
5.	a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments:	Nil	Nil
	b. Total amount of reductions during the financial year due to ex post explicit adjustments	Nil	Nil
	c. Total amount of reductions during the financial year due to ex post implicit adjustments	Nil	Nil
6.	Number of MRTs identified (includes MRT's served during part of the year)	4	7
7.	a. Number of cases where malus has been exercised.	Nil	Nil
	b. Number of cases where clawback has been exercised	Nil	Nil
	c. Number of cases where both malus and clawback have been exercised.	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)	7.69x	6.69x



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37. Disclosure of Complaints**A. Customer Complaints in details****(i) For FY 2023-24:***

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 Banking (Prepaid Instruments)	117	85742	1,867.01	21794	1799
Account opening/difficulty in operation of accounts	362	63441	606.94	6342	3344
Internet/Mobile/Electronic Banking	217	58289	49.25	4234	2023
Others	164	9644	5.66	586	224
ATM/Debit Cards	8	2751	751.70	458	209
Cheques / drafts / bills	0	90	100.00	2	1
Staff behavior	0	8	-66.67	0	0
Total	868	2,19,965	255.58	33,416	7,600

*As per the prescribed format

(i) For FY 2022-23:

Grounds of complaints (i.e. complaints relating to) (1)	Number of complaint s pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/decrease in the number of complaint s received over the previous year (4)	Number of complaint s pending at the end of the year (5)	Out of 5, number of complaint s 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
Staff Behavior	-	24	-	-	-
ATM/Debit Cards	4	323	-35	8	1
Prepaid Instruments	22	4,359	94	117	4
Others	92	9,127	-13	164	4
Total	296	61,861	159	868	35



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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<u>Complaints received by the Bank from its customers</u>		
No. of complaints pending at the beginning of the year	1,117	534
No. of complaints received during the year	2,28,202	66,751
No. of complaints disposed during the year	1,95,470	66,168
Of which, Number of complaints rejected by the Bank	7,045	2,091
No. of complaints pending at the end of the year	33,849	1,117
<u>Maintainable complaints received by the Bank from OBOs</u>		
Number of maintainable complaints received by the Bank from OBOs	3,811	2,399
Of which, number of complaints resolved in favour of the Bank by BOs	1,631	1,043
Of which, number of complaints resolved through conciliation/mediation/advisories issued by BOs	2,180	1,356
Of which, number of complaints resolved after passing of Awards by BOs against the Bank		
Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil
	Nil	Nil

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C. Awards passed by the Banking Ombudsman

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
No. of unimplemented Awards at the beginning of the year	Nil	Nil
No. of Awards passed by 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

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
No. of complaints pending at the beginning of the year	5	0
No. of complaints received during the year	176	118
No. of complaints redressed during the year	180	113
No. of complaints pending at the end of the year	1	5

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
No. of complaints pending at the beginning of the year	0	0
No. of complaints received during the year	3	2
No. of complaints redressed during the year	3	2
No. of complaints pending at the end of the year	0	0

The Bank also conducts detailed Root Cause Analysis (RCAs) of the issues highlighted in customer feedback, complaints, etc. and insights from the same are implemented to improve the products and processes and enhance the services of the Bank.

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, 2024 and March 31, 2023.



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Marketing and distribution

Bank has not received any fees/ remuneration received in respect of the marketing and distribution function (excluding bancassurance business).

Disclosures relating to securitization

As per the Operating guidelines Payment Banks are not permitted to lend to any person including their directors and hence there are no loans with the Bank which can be securitized. Accordingly, the disclosure requirements with respect to securitization are not applicable.

39. Concentration of Deposits

Particulars	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Total deposits of twenty largest depositors	4,000	4,000
Percentage of deposits of twenty largest depositors to total deposits of the Bank	0.072%	0.012%

40. Concentration of Exposure

Particulars	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
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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41. Transfers to Depositor Education and Awareness Fund (DEAF) :

Particulars	(Rs. in '000)	
	As at March 31, 2024	As at March 31, 2023
Opening balance of amounts transferred to DEAF	Nil	Nil
Add : Amounts transferred to DEAF during the year	4,524.22	Nil
Less : Amounts reimbursed by DEAF towards claims	0	Nil
Closing balance of amounts transferred to DEAF	4,524.22	Nil

The closing balance of the amount transferred to DEA Fund, as disclosed above, are also included under 'Schedule 12 - Contingent Liabilities - Others.

42. Deferred Tax :

The carrying amount of deferred tax assets written off due to absence of virtually certainty that sufficient future taxable income will be available against which deferred tax asset can be realized.

The deferred tax asset (net) amounting to Rs. Nil ('000) as at March 31, 2024 and Rs.185,746('000) as at March 31, 2023, is included under "other assets" in the Balance Sheet and the movement of the deferred tax during the year amounting to Rs. 18,57,45 ('000) [PY (Rs. 65,955) ('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, 2024	As at March 31, 2023
Depreciation	-	46,487
Provision for gratuity and leave benefits	-	77,379
Other provision	-	61,880
Total	-	185,746

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43. Details of provisioning related to fraud accounts:

Particulars	(Rs. in '000)	
	March 31, 2024	March 31, 2023
No. of frauds reported (reported during the year)#	120	5
Amount involved in such frauds (net of recovery)	43,059	4,007
Quantum of provisions made *	43,059	4,007
Quantum of unamortised provision debited from "other Reserves" at the end of the year	NIL	NIL

**Excludes amount written off.*

#FY 23-24 -The increase in reported instances of fraud in FY24 compared to FY23 can be attributed primarily to the bank's implementation of reporting unauthorized transactions by customers in the Fraud Monitoring Return. This was prompted by communication from the RBI to various banks in January 2023 regarding the 'Reporting of digital payment frauds to the RBI through FMR'. Specifically, in FY24, there were 51 instances of customer-reported unauthorized transactions. The total fraud amount associated with these 51 instances amounts to approximately INR 151,304('000)/-. Importantly, these cases do not result in any direct loss to the bank as they fall under the purview of customer liability according to the bank's Customer Compensation Policy and RBI guidelines. Additionally, there are 120 cases involving bank liability, with 117 instances concerning AEPS transactions where the bank acts as the acquirer. Reporting for these instances commenced in Q4 FY24. The fraud amount associated with these 117 instances is approximately INR 1443('000), out of which the bank has recovered approximately INR 1398('000). The remaining three instances involve other bank liability events, with a fraud amount totaling around INR 46,276('000), out of which approximately INR 3262('000) has been recovered.

FY 22-23 Other than this there are 11 instances related to historical transactions reported between January 2023 and March 2023. The total fraud amount associated with these 11 instances amounts to approximately INR 24,865('000)/-. Additionally, there were 5 cases involved in bank liability. The fraud amount associated with these events totaling around INR 4,007('000)/- and there was no recovery done in this.

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, 2024 amounting to Rs. 8,672 ('000) [Previous year Rs. 5,682('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. 1,77,262 [PY 95,399 ('000)] included under "Payments to and provisions for employees" in the Profit and Loss Account.



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The above arrangement with One97 Communications Limited was terminated vide letter dated 29th February, 2024 effective from 31st March, 2024 and accordingly a refund of Rs. 16,23,55 ('000) accounted as receivable towards cancellation of expense on unvested portion of the scheme.

45. During the year, the Bank has reversed the excess provisions outstanding for more than 3 years pertaining to operational expenses amounting to Rs. 4,51,261 ('000) (Previous year: Rs. 85,787 ('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, 2024	For the year ended March 31, 2023
Payment of DICGC Insurance Premium *	48,806	39,811
Arrears in Payment of DICGC Insurance Premium	-	-

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

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 the 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:

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



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• 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, 2024 HQLA stood at Rs. 1,250 crore and LCR at 299%. 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 the 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 limit has been set at 100%.

• As per the 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 1,280 crore which is close to 102% of entire HQLA.

Another major component is the excess CRR balance, to the tune of INR 900 crore which is close to 72% of the HQLA.

(Rs. in '000)				
	Unweighted value (Average)	Weighted value (Average)	Unweighted value (Average)	Weighted value (Average)
	FY 2023-24		FY 2022-23	
Total High-Quality Liquid Assets (HQLA)		12,497,339		38,831,851
<i>Cash Outflows</i>				
Retail deposits and deposits from small business customers, of which :				
Stable deposits	128,229	6,412	1,822,479	91,124



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Less stable deposits	18,069,402	1,806,940	52,396,782	5,239,678
Unsecured Wholesale Funding of which :				
Operational deposits (all counterparties)	1,774,723	1,739,052	9,775,057	9,266,186
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	325,051	325,051	145,872	145,872
Other contingent funding obligations			-	-
Total Cash Outflows)	20,297,405	3,877,455	64,140,190	14,742,861

	(Rs. in '000)			
	Unweighte d value (Average)	Weighted value (Average)	Unweighte d value (Average)	Weighte d value (Average)
	FY 2023-24		FY 2022-23	
Cash Inflows				
Secured Lending (eg reverse repos)	-	-	-	-
Inflows from fully performing exposures	1,679,952	1,517,427	5,944,929	5,538,704
Other cash inflows				
Total Cash Inflows	1,679,952	1,517,427	5,944,929	5,538,704
Total Adjusted Value				
Total HQLA		12,497,339		38,831,851
Net Cash Outflow #		2,360,028		14,535,655
Liquidity Coverage Ratio		299%		267%

Net Cash outflow post considering runoff factors of the bank.



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48. Drawn from Reserves :

The Bank has not drawn any amount from reserves during the year ended March 31, 2024.

Net Stable Funding Ratio:

The provisions for Net Stable Funding Ratio (NSFR), as per the circular on Base III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR), are not applicable to the Payments Banks and hence no disclosures have been provided.

49. Additional DisclosuresRemuneration of Directors ((Non-executive)

Particulars	(Rs. in '000)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
Sitting Fees	15,815	11,100

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. 35,80,10('000) and accordingly for FY 2023-24, the Bank is required to contribute minimum Rs. 71,60('000) towards CSR spend.

During the FY 2023-24, the Bank has contributed Rs. 72,00('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

51. Implementation of Indian Accounting Standards (IND AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (IND AS) for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). The RBI has also issued a circular DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11th, 2016 advising that the Banks in India are required to implement IND AS from April 1, 2018. Subsequently, the RBI in its press release issued on 5th April 2018 and vide notification RBI/2018-2019/146



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DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 has deferred the applicability of IND AS for Scheduled Commercial Banks. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis à vis Ind AS and shall proceed for ensuring the compliance.

52. Disclosure of Material Items:

In reference to the RBI circular RBI/2022-23/155 DOR.ACC.REC.No.91/21.04.018/2022-23 below are the disclosure on material items:

Details of Other Income exceeding 1% of total income:

Particulars	(Rs. in '000)	
	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
Interest On Fixed Deposit	9,29,908	5,10,324
Interest On Short Term Deposit & others	195	146
Total	9,30,103	5,10,470

Details of Other Expenditure exceeding 1% of total income:

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
Commission & brokerage	28,95,856	5 55,03,616
POS / BIN Sponsorship Charges	26,69,622	32,00,628
Interchange Expenses	20,93,521	17,07,285
Switching fees expense	15,64,069	12,34,402
Impairment Overlay Provision	19,01,180	-
Impairment Write-off	14,18,721	-
BBPS Expenses	14,07,878	15,17,465
UPI Cash Back	7,93,551	17,70,882
Web Hosting Charges	6,63,659	5,42,219
PRI SMS Expense	6,11,324	7,82,667
Pg Charges	5,71,223	12,75,343
Technical Charges	4,13,535	5,55,480
Fastag issuance Fee	3,12,185	5,08,283
CST Expenses	2,90,115	2,31,737
Fastag Issuer revenue sharing	2,77,419	2,92,347
PSP Expense	2,28,483	2,26,683
RTGS/NEFT Charges	1,96,096	1,22,445
Royalty Charges	1,86,757	2,20,483
Colocation expenses	1,85,805	1,52,940
NCCMC Expense	1,65,679	1,28,367
Subcontracting Expenses	1,44,507	2,66,698
KYC Charges	1,16,832	1,22,828
RFID Tag Expenses	79,292	1,09,166
Legal & Professional Charges	58,702	80,886
Others	(1,70,633)	1,91,000
Total	1,90,75,378	2,07,43,847



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Details of Other Liabilities and Provisions exceeding 1% of total assets:

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Payable for Settlement balances	41,19,651	3,35,22,141
II. Balances in semi-closed wallets	1,23,12,873	2,11,21,325
III. Earnest and Security Deposit	7,23,350	28,61,827
IV. Provision for expenses	17,27,487	25,81,261
V. Payable to vendors	4,24,836	2,39,475
VI. Provision for income tax	2,21,184	1,27,292
VII. Others	3,48,271	4,53,401
Total	1,98,77,652	6,09,06,723

Details of Other Assets exceeding 1% of total assets:

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
I. Receivable towards Settlement balances	16,01,202	1,06,98,681
II. Settlement Guarantee Fund	7,94,367	6,13,865
III. Receivable for Add money to wallet	-	31,75,016
IV. Debtors & Advances	7,67,054	25,56,367
V. Goods and Services Tax	9,39,398	7,22,859
V. Deferred Tax Asset (Net)	-	1,85,746
VI. Others	63,978	4,36,389
Less: Impairment Overlay Provision for the year	12,25,388	-
Total	29,40,609	1,83,88,923

Fees paid to Statutory Auditors:

(Rs. in '000)

Particulars	As at March 31, 2024 (Audited)	As at March 31, 2023 (Audited)
Audit Fees and Others	4660	4160
Tax Audit Fees	840	840

53. Portfolio-level information on the use of funds raised from green deposits

(Amount in ₹ crore)			
Particulars	Current Financial Year	Previous Financial Year	Cumulative*
Total green deposits raised (A)	-	-	-
Use of green deposit funds**			
(1) Renewable Energy	-	-	-
(2) Energy Efficiency	-	-	-
(3) Clean Transportation	-	-	-
(4) Climate Change Adaptation	-	-	-
(5) Sustainable Water and Waste Management	-	-	-



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Schedules forming part of the financial statements for the year ended March 31, 2024

(6) Pollution Prevention and Control	-	-	-
(7) Green Buildings	-	-	-
(8) Sustainable Management of Living Natural Resources and Land Use	-	-	-
(9) Terrestrial and Aquatic Biodiversity Conservation	-	-	-
Total Green Deposit funds allocated (B = Sum of 1 to 9)	-	-	-
Amount of Green Deposit funds not allocated (C = A - B)	-	-	-
Details of the temporary allocation of green deposit proceeds pending their allocation to the eligible green activities/projects	-	-	-

54. Divergence in asset classification and provisioning

As per Master Direction from the RBI on Financial Statements - Presentation and Disclosures, Banks shall make suitable disclosures as tabulated below, if either or both of the following conditions are satisfied:

1. The additional provisioning for NPAs assessed by Reserve Bank of India as part of its supervisory process, exceeds five per cent of the reported profit before provisions and contingencies for the reference period, and
2. The additional Gross NPAs identified by the Reserve Bank of India as part of its supervisory process exceed five per cent of the reported incremental Gross NPAs for the reference period.

As per the licensing guidelines issued by the RBI dated 17 November 2014 payments bank cannot do any lending activity and hence the disclosure is not applicable to the bank.

55. Off Balance Sheet SPV's sponsored (domestic & overseas)

There are no off balance sheet SPVs sponsored by the Bank. Accordingly, the disclosures requirement with respect to off Balance sheet SPVs Sponsored are not applicable.

56. Subsequent events after the balance sheet date

The RBI has approved the appointment of new CEO on 18th June, 2024 for a period of 3 years. The RBI has also approved appointment of new Statutory Auditors of the Bank on 19th June, 2024 following the conclusion of the term of the current Statutory Auditors.



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Schedules forming part of the financial statements for the year ended March 31, 2024

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


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


Arvind Kumar Jain
(Independent Director)

(DIN : 07911109)

Place: Noida

Date: September 14, 2024


Srinivasan Sridhar
(Part-time Chairman &
Independent Director)

(DIN : 00004272)

Place: Mumbai

Date: September 14, 2024

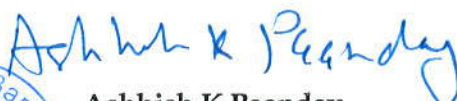

Arun Kumar Bansal
(Managing Director & Chief
Executive Officer)

(DIN : 08425582)

Place: Noida

Date: September 14, 2024




Ashhish K Paanday
(Company Secretary)
Place: Noida
Date: September 14, 2024



Nipun Bhatia
(Chief Financial Officer)
Place: Noida
Date: September 14, 2024