



**NSDL
Payments Bank**



***Trusted.
Included.***

**ANNUAL REPORT
2024-25**

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Empowering India's Financial Future

NSDL Payments Bank, a subsidiary of National Securities Depository Limited (NSDL), started its operations in 2018 and has emerged as a transformative force in India's financial landscape. With the motto **Vikas Bhi Vishwas Bhi**, the Bank strives to foster financial advancement for all customers through user-friendly banking solutions. Its vision is to redefine banking by empowering the last-mile customer experience through technology and innovation. Guided by values of ethics, process orientation, innovation, customer centricity, synergy, and sustainability, the Bank remains focussed on making a meaningful impact.





Drawing inspiration from its mission and vision, the theme for 2024-25, "Trusted. Included.", reflects the core principles guiding the Bank's future. NSDL Payments Bank is dedicated to building trust by establishing strong and dependable relationships. Through advanced technology, the Bank provides secure and seamless transactions for customers. By promoting financial awareness, individuals are empowered to make informed choices. These initiatives collectively aim to promote widespread digital financial inclusion, ensuring every Indian is part of the formal financial ecosystem.

Building on this strong foundation, NSDL Payments Bank offers a comprehensive range of services, including zero-balance savings accounts, current accounts, free digital debit cards, remittance facilities, and a variety of digital banking solutions through its flagship NSDL Jiffy app. With an extensive network of bank-led Bank Pratinidhi and Corporate Business Correspondents (CBCs) across India, the Bank ensures that basic banking services, including AePS, Micro ATMs, and DMT, are accessible to underserved areas and those who need them the most.

The Bank also offers innovative products such as prepaid cards, including the NSDL JiffyPe-ID app for seamless card services. Its latest offering, the 3-in-1 Card, serves as an access card for

colleges and offices, supports travel on metros and buses, and facilitates POS and e-commerce transactions. This card complies with National Common Mobility Card (NCMC) standards, further enhancing its utility and appeal.

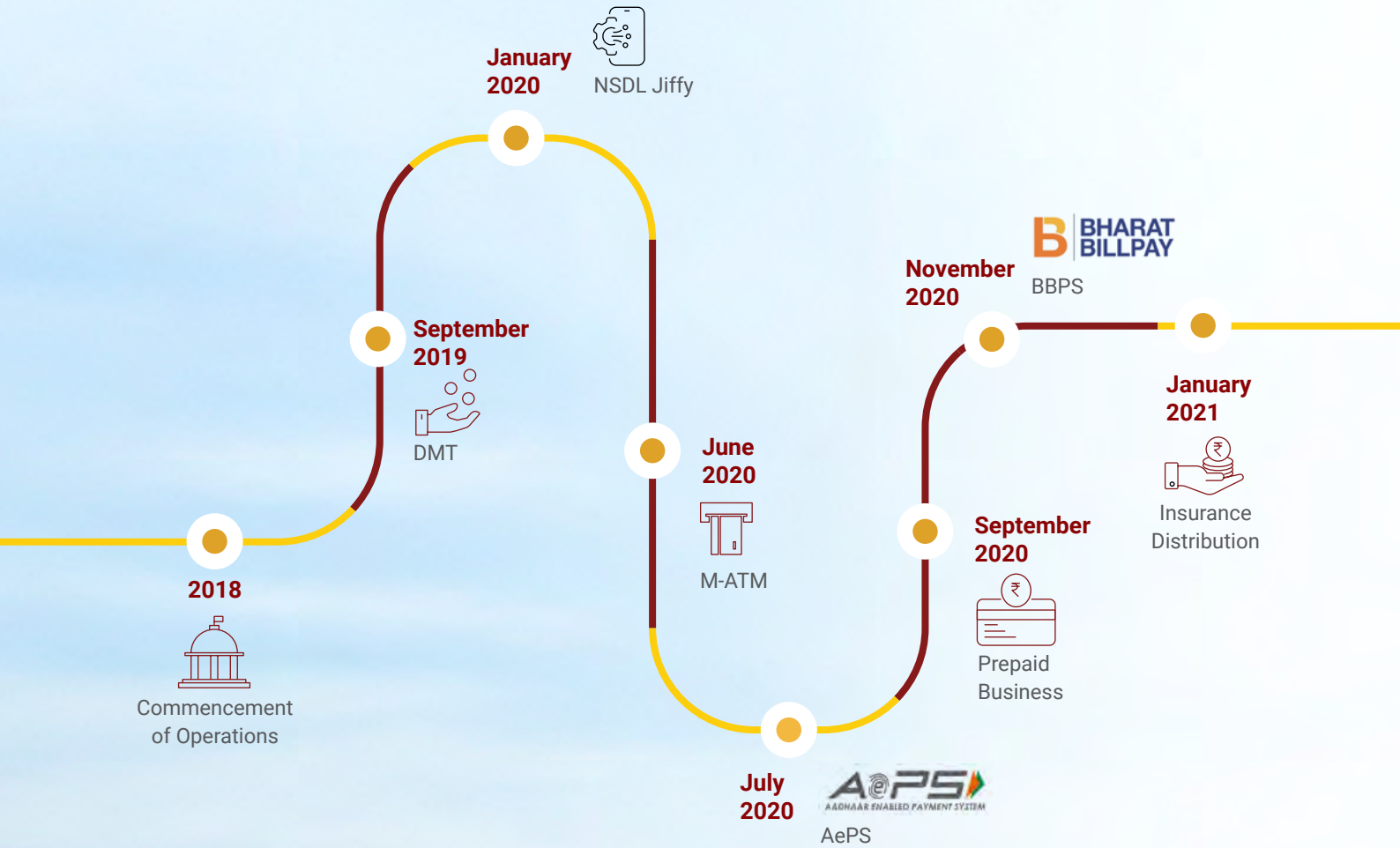
NSDL Payments Bank is dedicated to bringing banking services to all parts of India. Through its extensive Bank Pratinidhi and CBC networks, the Bank reaches rural and underserved regions, bridging gaps in financial access. The NSDL Jiffy app simplifies banking for customers, while the Bank's focus on financial literacy equips individuals to make informed decisions, fostering their connection to the formal banking ecosystem.

In partnership with NBFCs and fintech, NSDL Payments Bank designs tailored solutions to meet diverse customer needs, all in full compliance with regulatory guidelines. Transparency and security are at the heart of the Bank's operations, building trust and ensuring accessible and dependable financial services for all.

Looking ahead, NSDL Payments Bank is poised to continue its journey of inclusive, safe, and empowering banking. Leveraging innovation, collaboration, and a steadfast commitment to its values, the Bank is shaping a financial future that uplifts every Indian.



NSDL Payments Bank's Journey



February
2022



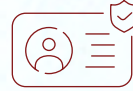
Bene-Validation

April
2021



UPI

August
2024



JiffyPe-ID

March
2023



NACH

July
2023



Cash Management
Services





Awards and Achievements

2021

OCTOBER

Among Top 5 Banks
for Number of
ATM Across India

2022

MARCH

Amongst Top 3 Banks
for the Highest Value of
AePS Transactions

AUGUST

Awarded Fastest Growing
Payments Bank – 2022 by
Alden Global in Association
with Hyperscience

OCTOBER

Best Customer and Program
Impact for its in-house
Solution at Annual IBSI
Neochallenger Bank Awards,
2022, by IBS Intelligence

DECEMBER

Payments Bank of the year
and Digital Service Innovator
Award by 3rd BFSI & Fintech
Conclave & Awards

2023

MARCH

Industry Leader
in AePS Acquiring

MARCH

Recognised as One of
The Best BFSI Brands in
India by ET Edge at the
Economic Times – Best BFSI
Brands Conclave 2023

2024

DECEMBER

Prepaid Card Innovation
Excellence Award
presented by NPCI

2025

JANUARY

Best Blended HR Strategy
Award – CHRO Awards 2025
presented by Gain Skills
Business Media Awards

UPDATED TILL MARCH 2025

The Best Fintech for Financial
Inclusion presented by
Payment Security Summit
Service Award





Among

Top 3 banks

in AePS transactions

Among

Top 3 banks

in Micro ATMs (MATMs) issuance

5.29%

Growth in Profit After Tax (PAT)

41st rank

Among UPI remitter banks

40th rank

Among debit card issuers

From the MD's Desk

Dear Stakeholders,

Six years ago, NSDL Payments Bank embarked on its journey to transform banking for millions. Six years may seem to have passed in a "Jiffy", but the impact has been profound.

From enabling a farmer in a remote village near Hyderabad to access government subsidies directly into his account, to empowering a small business owner in Nashik, Maharashtra, with seamless UPI payments, the Bank continues its endeavour to transform lives across the country. Efforts are being made to make investments effortless for a homemaker residing in a remote corner of Bikaner, Rajasthan, through the NSDL Jiffy app. Kirana stores in Uttar Pradesh are being equipped to serve as Bank Pratinidhi, bringing essential banking services to underbanked communities. Support is also being extended to students in Gurugram with ID-cum-prepaid cards for metro rides, books, and daily needs. These ongoing efforts reflect the Bank's commitment to expanding its reach – across North, South, East, West, and Central India – and its dedication to driving progress and inclusion.

With 1.4 billion people, India is a land of immense potential and diverse needs. Yet, with 123 commercial banks, 1,65,501 branches, and 2,15,000 ATMs, traditional banking infrastructure cannot keep pace with this growing demand. The gap remains wide but can be addressed. NSDL Payments Bank and other payments banks are working towards building a nation where banking is not a privilege but a fundamental right, where every transaction empowers lives, and where digital inclusion bridges the socio-economic divide. This aligns with the vision set by the Reserve Bank of India and supported by the Government of India – a mission that continues to guide daily operations of the Bank.

Guided by the philosophy of "Vishwas bhi, Vikas bhi" – Trust and Progress – the Bank aims to redefine banking as a service that empowers people, fosters economic growth, and uplifts communities.

The Bank's journey is deeply rooted in the strong foundation of its parent company, NSDL, a name synonymous with trust, technology, and innovation. This heritage supports responsible innovation, ensuring advanced and secure solutions.

Milestones of FY 2024-25

The financial year 2024-25 was a defining chapter in the Bank's journey. It was a year of immense learning, proud achievements, and significant growth. As the world evolved, NSDL Payments Bank responded to changes, turning challenges into opportunities.

Deposits grew by over 200%, reflecting customer trust. New account openings increased by 280%, with over 75% now active. These figures represent lives touched, dreams enabled, and barriers overcome.

NSDL Payments Bank continues to demonstrate financial resilience, with a 5.29% increase in Profit After Tax (PAT), reflecting its adaptability in a dynamic economic environment. The Bank ranks among the top 50 UPI remitter banks (currently 41st) and debit card issuers (currently 40th), is among the top 3 banks for AePS transactions, and is one of the leading issuers of Micro ATMs (MATMs) in the country.

These milestones firmly position NSDL Payments Bank within India's digital payments ecosystem and highlight its commitment to making banking and transactions seamless, secure, and accessible for all.



Innovation Driving Change

At the heart of this transformation lies innovation. NSDL Payments Bank's flagship app, NSDL Jiffy, demonstrates this commitment. This all-in-one solution offers a smooth digital banking experience, including opening a zero-balance savings account, fund transfers, bill payments, recharges, mutual fund investments, and access to digital debit cards.

This year, additional offerings were introduced such as the JiffyPe-ID app, a 3-in-1 card (access card + NCMC card + prepaid card), and NCMC cards, which support digital and contactless payments. From public transport to online shopping and POS transactions, these solutions have added new levels of convenience.

Digital Financial Inclusion Initiatives

Bank Pratinidhis serve as more than service points – they are community hubs, offering banking services and new livelihood opportunities. For many, this role has become a vital second source of income, contributing to family welfare and the local economy. Together, a strong network has been built to bring access and opportunity to the remotest parts of India.

Leadership in AePS transactions and Micro-ATM deployment has helped extend services even further. With over 4,300+ Bank Pratinidhis and lakhs of Corporate Business Correspondents (CBCs), a robust infrastructure now supports underserved communities across the country.



Through this network, almost one lakh customers received DBT this year, with around ₹88 Crores disbursed directly into their NSDL Payments Bank accounts as subsidies. These efforts have helped farmers, women, and vulnerable families receive timely financial support.

NSDL Payments Bank has seen strong growth in salary accounts designed for blue-collar workers, including gig workers, factory staff, and daily wage earners. Through the Jiffy app, these zero-balance accounts offer secure, accessible banking – removing barriers like minimum balance requirements and complex paperwork. For many newly employed individuals, this has enabled timely salary credits and seamless access to essential financial services.

Cash management services also saw growth, with 400% increase in throughput. These services support the collection of premiums, EMIs, loan repayments, and other payments via the BC network, offering reliable solutions to NBFCs and e-commerce firms.

Customer-Awareness Initiatives

In FY 2024-25, customer insights were strengthened through outreach programmes in colleges like Tata Institute of Social Sciences, D. G. Ruparel College of Arts, Science and Commerce, SNDT Women's University, housing societies and blue-collar segments.

To promote financial literacy, the YuvaLeap initiative was launched, educating young individuals on money management and safe banking. Awareness around fraud prevention was also promoted through both social media and on-ground campaigns to help customers stay safe in the digital space.

Turning Challenges into Opportunities

The changing business landscape encouraged improvements and innovation. Operational efficiency and compliance processes were strengthened, supported by investments in advanced technology. These measures have prepared the Bank for continued and sustainable growth.

The Road Ahead

The Bank remains committed to supporting individuals and businesses. Future plans include deepening financial inclusion, expanding digital reach, and continuing to offer simple, secure, and customer-friendly services.

Awards and Recognition

The Bank's efforts received national recognition. In December 2024, it was honoured with the Prepaid Card Innovation Excellence Award by NPCI. In January 2025,

the Bank won the Best Blended HR Strategy Award. In March 2025, it received the Best Fintech for Financial Inclusion Award at the Payment Security Summit Series. These accolades reflect the Bank's continued commitment to empowering underserved communities through innovative financial solutions.

Powered by People

The growth of NSDL Payments Bank is powered by its workforce. The team has expanded with a strong focus on diversity – over 24% of employees are women – showcasing a commitment to inclusion across the board.

A flexible work culture has been adopted to support employee well-being and growth. Regular sessions, such as monthly knowledge-sharing events, quarterly townhalls, and training in cybersecurity, POSH, KYC-AML, and banking products, help employees stay informed and capable of delivering quality service.

Looking Ahead with Gratitude

As NSDL Payments Bank looks ahead to another successful year, it expresses sincere gratitude to:

- ◉ The customers, for their trust and for being part of the NSDL Payments Bank family
- ◉ The partners, for their continued support and collaboration
- ◉ The stakeholders, for their belief in the Bank's vision and journey
- ◉ The regulators, for their steady guidance and trust
- ◉ The team, for their dedication and hard work, which drives progress every day

Their support has played an important role and will continue to shape the future.

This is the promise of NSDL Payments Bank – a promise of hope, inclusion, and progress.

Sincerely,

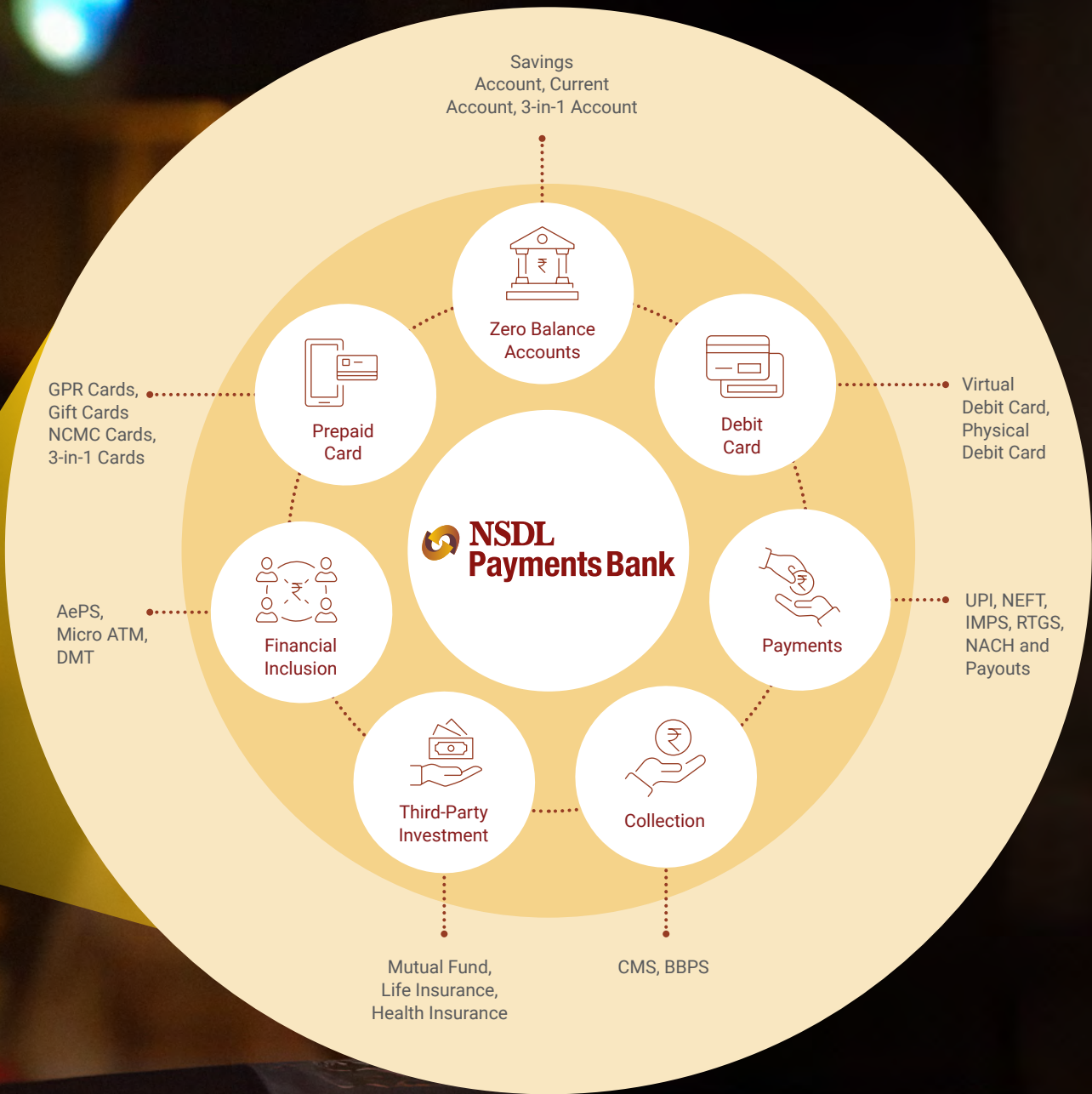
Abhijit M. Kamalapurkar

MD & CEO



Product Suite







Technology and Innovation

NSDL Payments Bank is committed to leveraging technology to enhance customer experience and streamline operations. In 2024-25, it focussed on innovative solutions that strengthen the Bank's offerings and simplify banking for customers and partners alike.



JiffyPe-ID App and Access cum Prepaid Card

The NSDL JiffyPe-ID app simplifies the process of accessing prepaid cards, offering a seamless digital experience. The Bank's all-in-one Access cum Prepaid Card is a versatile financial tool that functions as an access card for colleges and offices while supporting POS and e-commerce transactions. Fully compliant with National Common Mobility Card (NCMC) standards, it also facilitates travel on metros and buses.

Mutual Fund Services

In March 2025, the Bank launched mutual fund services via the NSE-MF platform, enabling customers to invest effortlessly through Jiffy and web-based channels. This innovation has enhanced user convenience and created new cross-sell opportunities, enriching the overall banking experience.



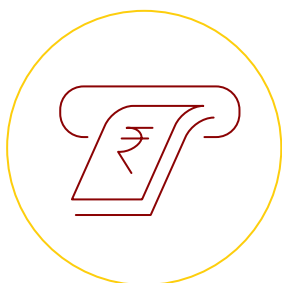


Automation in Reconciliation

The introduction of advanced reconciliation tools has significantly streamlined processes, ensuring accurate tracking and timely settlement of transactions. By reducing manual intervention, these innovations improve efficiency and strengthen operational reliability.

In March 2025, NSDL Payments Bank was honoured with the Best Fintech in Financial Inclusion award by the Payment Security Summit Awards. This recognition underscores the Bank's commitment to fostering financial inclusion and leveraging technology to create impactful solutions for underserved communities.

Through these advancements and recognitions, NSDL Payments Bank continues to drive technological progress, ensuring secure, efficient, and inclusive financial solutions for customers across the nation.



Enhanced Payout Services

The rollout of advanced payout services (IMPS/NEFT/UPI) has opened new avenues for business growth while providing customers with reliable and efficient transaction options.





Financial Inclusion Initiatives

NSDL Payments Bank has played a key role in advancing financial inclusion, helping extend formal banking services to India's unbanked and underbanked communities. The Bank's mission focusses on delivering accessible, secure, and user-friendly banking solutions nationwide, aiming to ensure that no one is left behind in the digital economy.

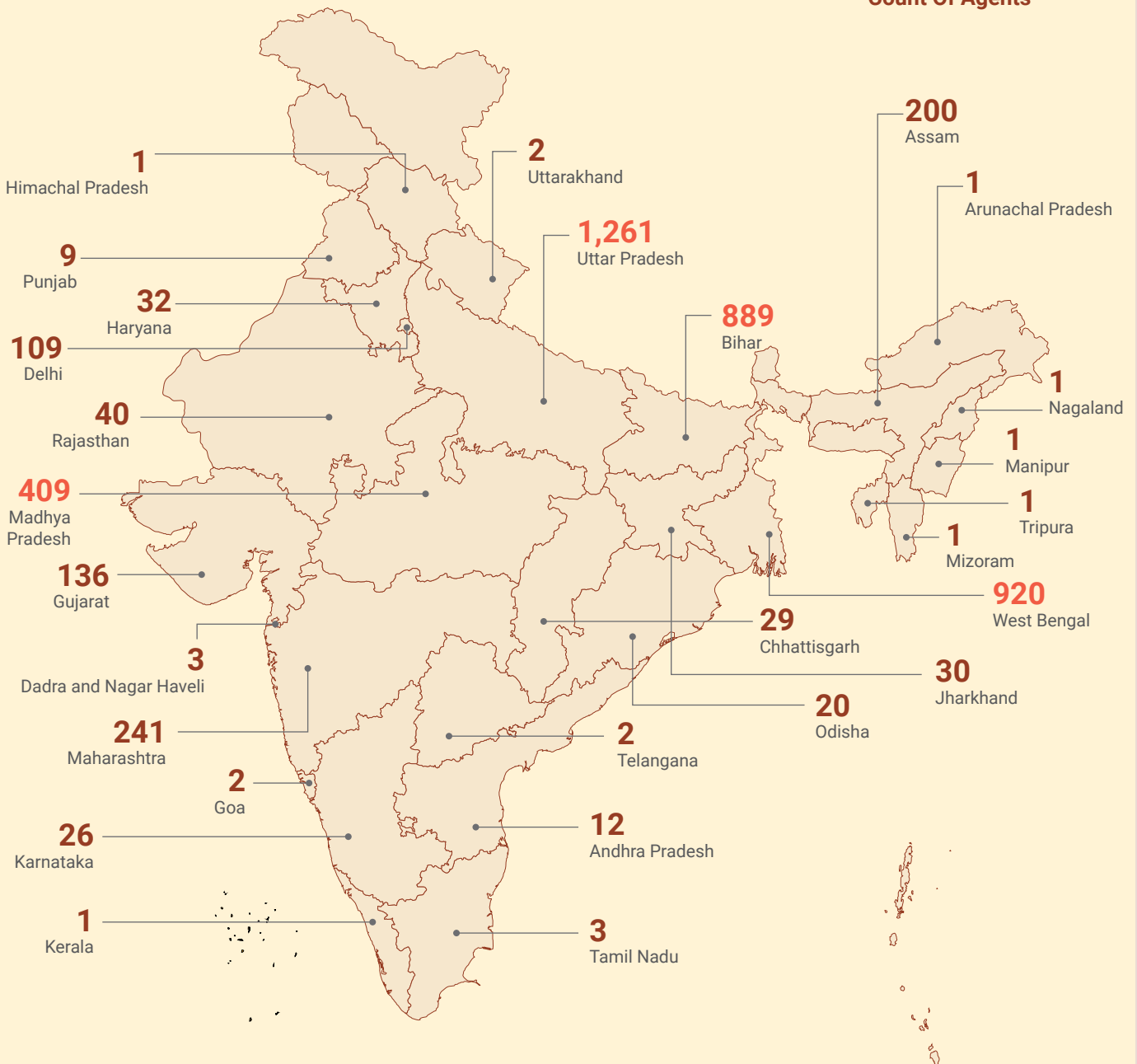
By offering services such as Account Opening, Aadhaar-enabled Payment System (AePS), Micro ATMs (MATM), Direct Money Transfer (DMT), and Cash Management Services (CMS), the Bank has brought essential financial services closer to millions. Additionally, it has enabled local entrepreneurs to earn sustainable incomes by becoming Bank Pratinidhis, turning small businesses into community banking points. This has led to both broader financial access and livelihood generation, reflecting the Bank's commitment to inclusive growth.



Expanding Horizons: Bank Pratinidhi

The Bank Pratinidhi network lies at the heart of NSDL Payments Bank’s outreach. These outlets, operated by local entrepreneurs such as kirana shop owners and stationery vendors, offer account opening, deposits, withdrawals, remittances, and Aadhaar seeding services. By reaching rural and underserved regions, Bank Pratinidhis support financial access while also providing a stable second income to their operators, promoting both self-reliance and local development. Bank Pratinidhi grew to 4,382 in FY 2024-25, a significant leap from 3,002 in FY 2023-24.

4,382
Count Of Agents



Note: Map not to scale

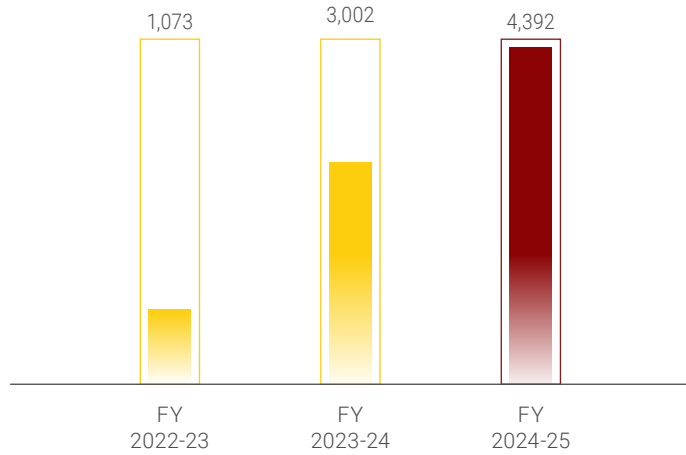


Empowering Through Partnerships

NSDL Payments Bank remains committed to financial inclusion through strategic partnerships with corporate business correspondents (CBCs), delivering banking services to underserved and remote communities. Leveraging CBC networks, the Bank offers account opening, remittances, bill payments, recharges, and access to government subsidies, fostering financial literacy and empowerment.

With a presence across 18,500+ pin codes and around 10 Lakh active BC agents supported by 50+ CBCs as of FY 2024-25, the Bank continues to expand its reach and impact nationwide.

NUMBER OF BANK PRATINIDHIS



Business Correspondent coverage

10 Lakhs+

Active BC Agents

50+

Corporate BC Network

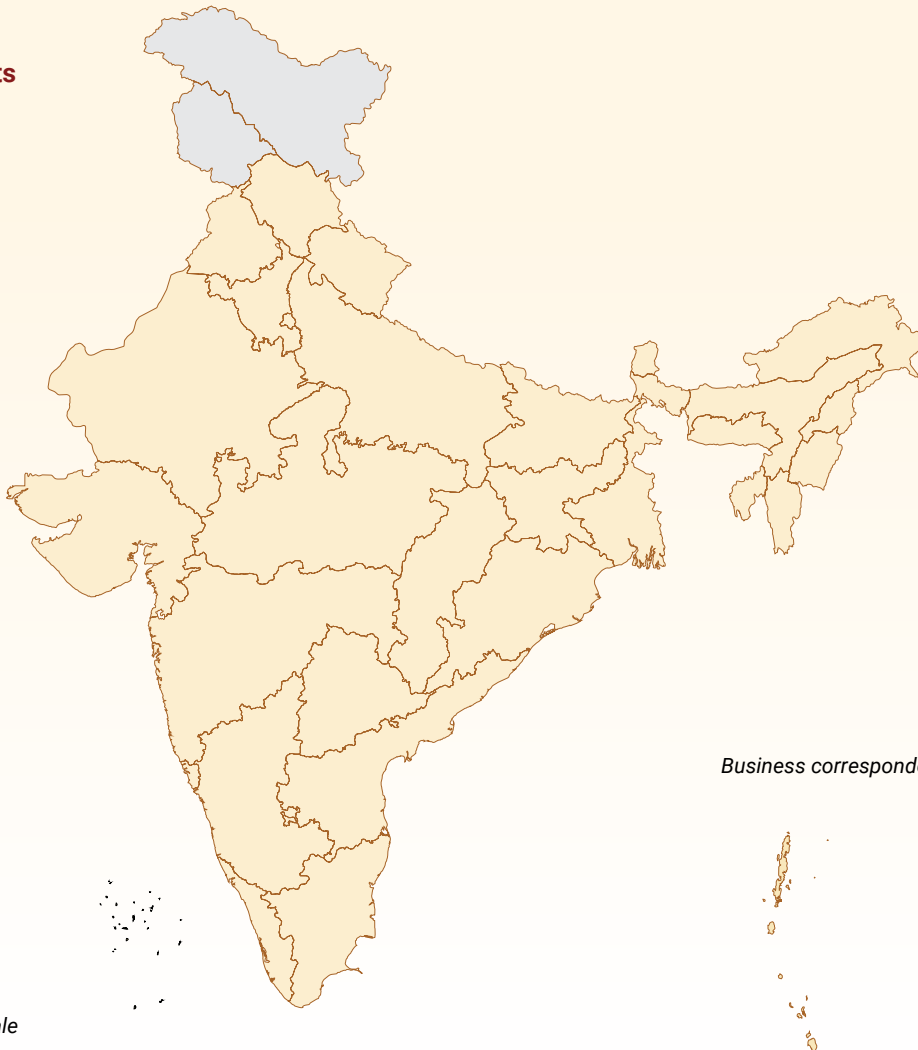
18,500+

Pin Codes

97%

Country Covered

Distribution of BC Agents



Business correspondent coverage

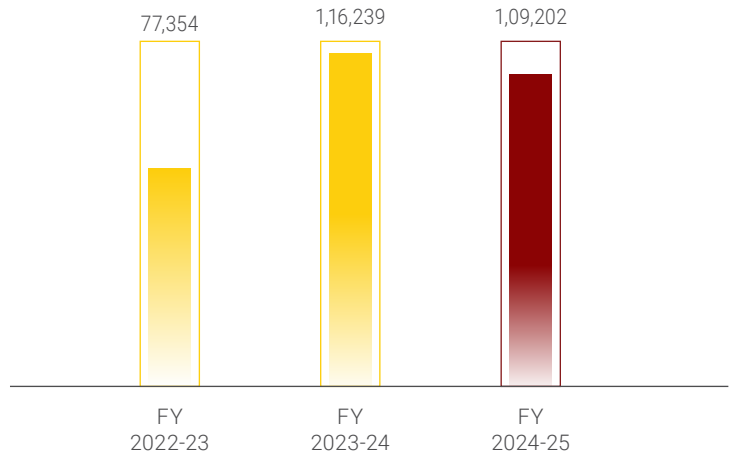
Note: Map not to scale

A Resilient Performance: Transaction Growth

The Bank's financial inclusion services have maintained remarkable momentum, achieving a total transaction volume of ₹1,09,202 Crores in FY 2024-25, following a high of ₹1,16,239 Crores in FY 2023-24. While there has been a slight decline due to industry-wide challenges such as a slowdown in AePS transactions, shifts in the DMT business, and stricter compliance measures by issuer banks in the MATM space, NSDL Payments Bank remains steadfast as one of the top three banks in the financial inclusion sector.

INCLUSIVE BANKING TRANSACTION VOLUMES

(₹ Crores)



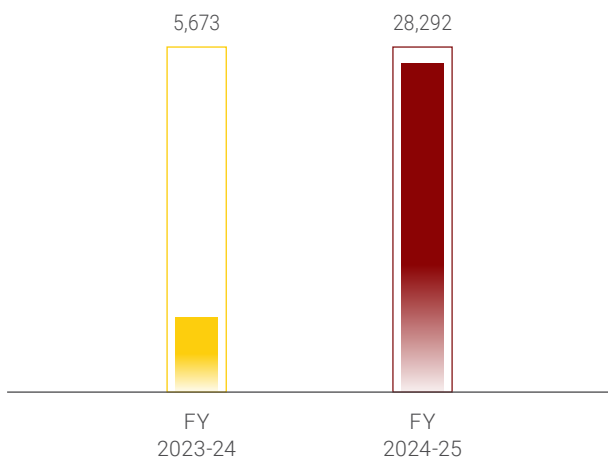
Cash Management Services (CMS): Driving Efficiency

Launched in July 2023, the Bank's CMS has revolutionised premium and EMI collections for over 40 NBFCs and e-commerce leaders, including L&T Finance, RBL Finserve, IIFL, Samasta etc. In FY 2024-25, CMS throughput surged to ₹28,292 Crores, a remarkable rise from ₹5,673 Crores in FY 2023-24.

By leveraging its BC network, CMS delivers cost-effective, secure, and user-friendly collection services, enhancing efficiency for partners and convenience for customers.

CMS TRANSACTION VOLUME EACH FINANCIAL YEAR

(₹ Crores)

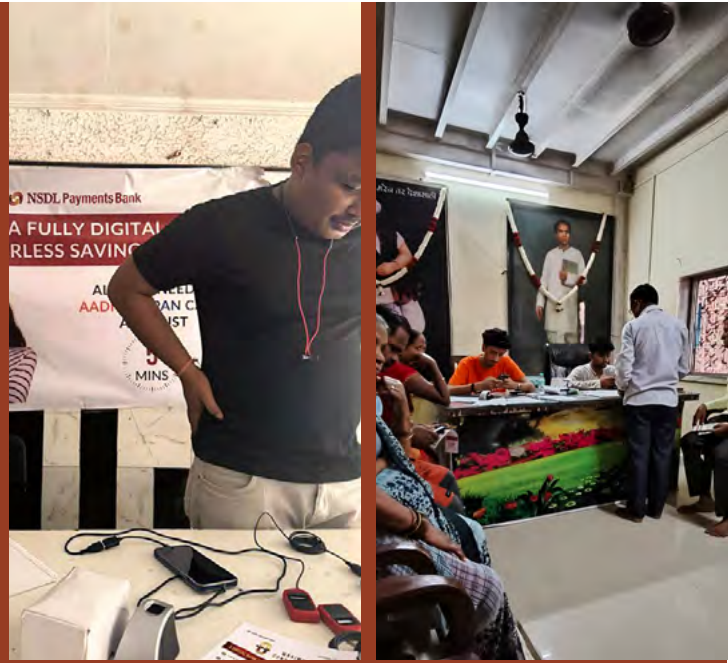




Aadhaar-Enabled Payment System (AePS): A Market Leader

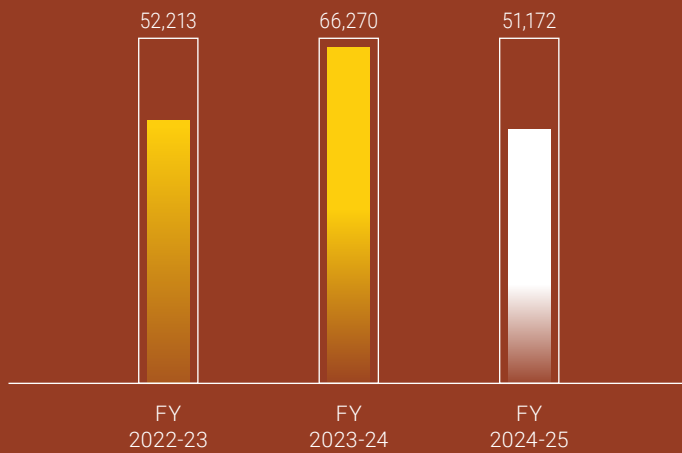
AePS is a cornerstone of the Bank's mission, leveraging Aadhaar's biometric authentication to deliver seamless services like cash withdrawals, deposits, and fund transfers. In FY 2024-25, AePS transaction volume reached ₹51,172 Crores, securing the Bank's position as the #2 player in the industry with a commanding 19%+ market share. This follows a strong trajectory from ₹66,270 Crores in FY 2023-24.

Despite an industry-wide slowdown in cash-out transactions, AePS continues to empower marginalised communities with secure access to government subsidies and digital banking, cementing the Bank's leadership in inclusive finance.



AEPS TRANSACTION VOLUME EACH FINANCIAL YEAR

(₹ Crores)



Direct Money Transfer (DMT): Connecting Communities

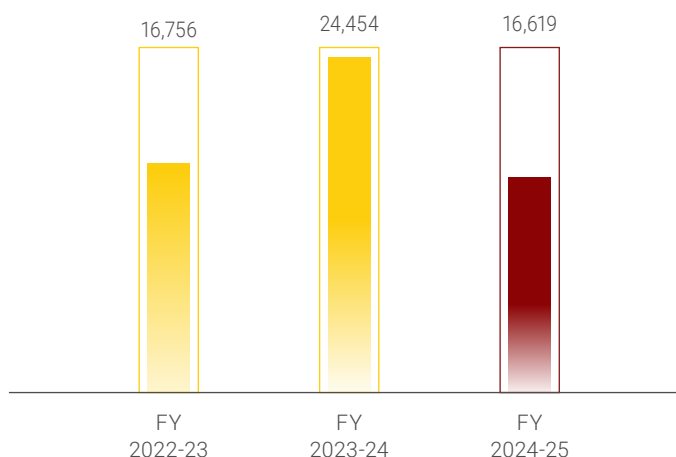
The Bank Direct Money Transfer (DMT) service is a lifeline for millions, accessible through the Bank extensive Bank Pratinidhi network. DMT allows customers to send money to any bank account in India swiftly, requiring only basic details like the recipient's account number and IFSC code. This service is a game-changer for underserved populations, such as migrant workers and rural households, who rely on timely remittances to meet essential needs like healthcare, education, and daily expenses.

In FY 2024-25, DMT transaction volume stood at ₹16,619 Crores, following ₹24,454 Crores in FY 2023-24.

By facilitating swift remittances, DMT empowers individuals to support their families and communities, driving economic connectivity and resilience.

DMT TRANSACTION VOLUME EACH FINANCIAL YEAR

(₹ Crores)

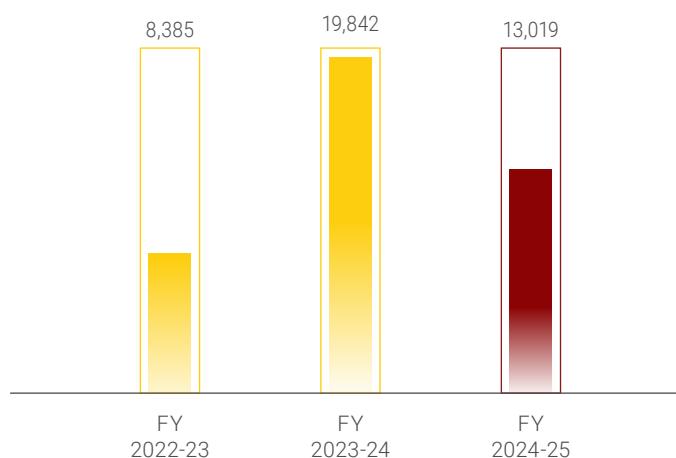


Micro ATM (MATM): Pioneering Access

With 3,07,247 Micro ATMs deployed through the Bank's BC network, NSDL Payments Bank holds the #2 position in the market, delivering portable banking solutions to remote areas. In FY 2024-25, MATM transactions amounted to ₹13,019 Crores, compared to ₹19,842 Crores in FY 2023-24. Despite a decline, the Bank's Micro ATMs remain a vital lifeline, offering secure cash withdrawals, deposits, and balance enquiries, ensuring banking remains accessible to underserved populations.

MATM TRANSACTION VOLUME EACH FINANCIAL YEAR

(₹ Crores)



Enhancing Government Benefit Accessibility

The Bank's service like Aadhaar Seeding, ensures that DBT reach low-income areas, both rural and urban, including farmers, SME/MSME entrepreneurs, construction workers, sanitation workers, domestic workers, gig-economy workers, truck drivers, factory workers, daily wage earners, street vendors, and kirana store owners. By integrating these segments into the formal financial system, the Bank contributes to economic sustainability and financial empowerment. So far, around 88 Crores of the government subsidies have been availed by people through the NSDL Payments Bank accounts.

A Vision for the Future

NSDL Payments Bank is on a mission to drive inclusive growth by expanding its Bank Pratinidhi and Corporate BC networks. Through innovation, strategic partnerships, and technology-led solutions, it is bringing secure and accessible digital banking to more people across the country.

As of now, the Bank has opened Controlling Offices in Mumbai, Sambhajinagar, Azamgarh, Indore and Ahmedabad – with more to follow. Each step forward brings it closer to a future where every Indian, regardless of location or background, is part of an empowered and connected financial ecosystem.



Transforming Digital Banking

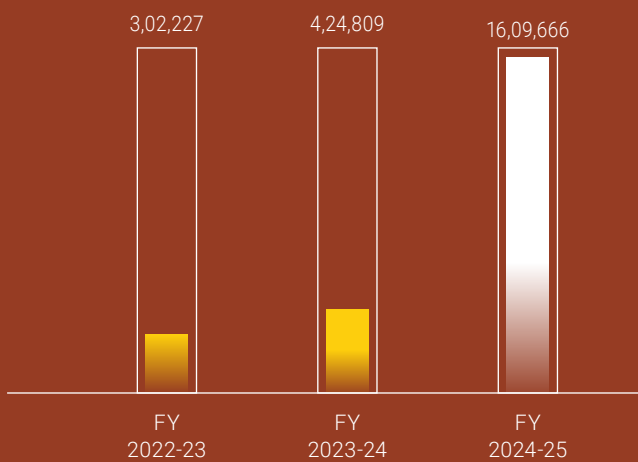
NSDL Payments Bank continues to redefine digital banking with a focus on financial inclusion, seamless transactions, and sustainable practices. FY 2024-25 saw significant expansion in the Bank's offerings, leveraging advanced technology to cater to blue-collar workers, small merchants, and rural communities. By integrating solutions like the NSDL Jiffy app and innovative services, the Bank enhances convenience, accessibility, and trust.



CASA Growth: A Remarkable Achievement

The Bank has achieved significant and sustainable growth in its Current and Savings Accounts (CASA), fuelled by strategic fintech partnerships focussed on small merchants, micro-entrepreneurs, and rural shopkeepers. This initiative has not only deepened financial inclusion but also strengthened deposits, reflecting the successful integration of diverse segments into formal banking systems.

CASA GROWTH ANNUALLY

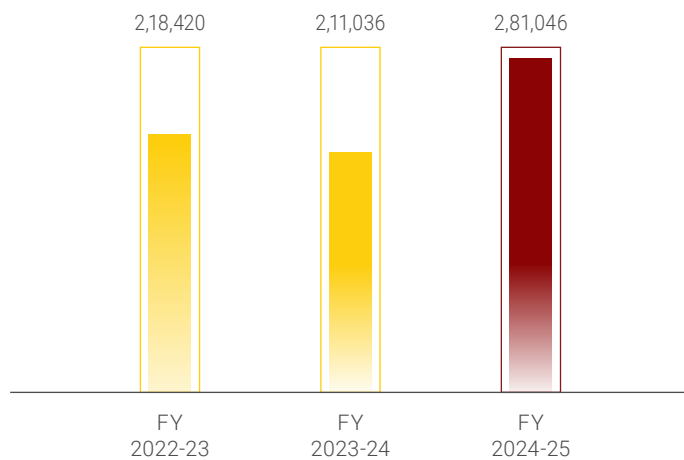


NSDL Jiffy: Cornerstone of Digital Ecosystem

The NSDL Jiffy app continues to simplify digital banking for first-time users and underserved communities through a secure, paperless experience. With features like instant fund transfers, bill payments, mobile recharges, UPI, and a free virtual RuPay debit card, it offers easy and accessible financial management. Account opening requires only Aadhaar and PAN.

Last year, the app was made available in 8 languages — including English, Hindi, Gujarati, Marathi, Bengali, Tamil, Telugu, and Kannada — further strengthening its reach across regions. A 33.2% rise in account openings reflects Jiffy’s growing impact in promoting secure and inclusive digital banking.

ACCOUNTS OPENED ON NSDL JIFFY ANNUALLY

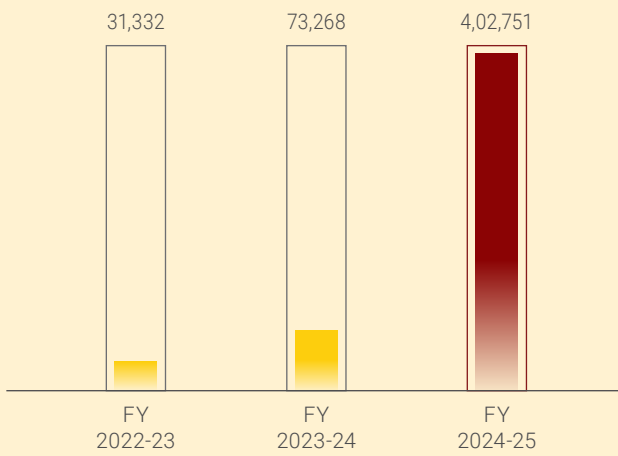




Empowering Women Through Financial Literacy

The Bank has achieved significant growth in women’s account openings, a testament to its dedicated efforts to foster financial independence and literacy among women. Special initiatives were undertaken at the ground level, including targeted account-opening drives in rural and urban areas, outreach programs at local community centres, and collaborations with self-help groups. By offering tailored digital tools through NSDL Jiffy, women were empowered to manage their finances, driving economic and community growth.

WOMEN ACCOUNTS OPENED ANNUALLY



Innovative Solutions for Blue-Collar Workers

Salary accounts tailored for blue-collar workers have achieved substantial growth, offering secure and accessible banking for gig workers, factory employees, and daily wage earners. These accounts play a vital role in financial inclusion, reducing reliance on cash and supporting economic mobility.

UPI Ecosystem: Seamless Digital Payments

NSDL Payments Bank continues to strengthen its digital payments presence through Unified Payments Interface (UPI), enabling secure, instant peer-to-peer and merchant transactions. Strategic partnerships for UPI acquiring have empowered merchants with QR codes, driving higher transaction volumes and boosting the Bank’s Escrow Merchant Deposits. Reflecting this growth, the Bank now ranks 41st among UPI remitter banks nationwide as of March 31, 2025.

Streamlining Payments with BBPS

The Bharat Bill Payment System (BBPS) simplifies utility payments across channels, supporting UPI, cards, wallets, and cash. The Bank has expanded BBPS reach via agent institutions and biller aggregator partnerships, reducing cash dependency and fostering electronic payments.

Digital Payments

NSDL Payments Bank has consistently demonstrated its strength in facilitating seamless digital payments through both IMPS and NEFT platforms. The steady growth in transaction volumes and values highlights the Bank’s commitment to delivering efficient, secure, and user-friendly services. By catering to diverse customer needs and ensuring reliable transaction processing, the Bank has reinforced its position as a trusted partner in advancing India’s digital payment ecosystem.

Debit Cards: Flexible and Convenient

NSDL Payments Bank offers both virtual and physical debit cards, giving customers the flexibility to choose what best suits their needs. The free virtual debit card, available instantly on the NSDL Jiffy app, enables secure online transactions, while the physical card supports in-store purchases and ATM withdrawals. Ranked 40th among debit card issuers nationwide as on March 31, 2025, the Bank's dual offering underscores its commitment to customer convenience and the promotion of cashless transactions.

Fund Payout: A Digital Advantage

The Fund Payout solution automates transactions like vendor payouts, employee incentives, and mutual fund withdrawals. With UPI Payout introduced in FY 2024-25, the solution enhances speed, efficiency, and operational transparency, becoming a key revenue generator.

IVR Services: Banking Made Accessible

Interactive Voice Response (IVR) services offer convenient phone-based banking in Hindi and English, catering to regions with limited digital literacy. Features include transaction reviews, card blocking, and instant PIN changes, ensuring inclusivity.

Bene-Validation: Ensuring Accuracy

The Bene-Validation service validates account details by depositing a nominal amount, minimising errors and ensuring secure fund transfers. This reliable verification process strengthens customer trust and operational precision.

Advancing Sustainability and Inclusion

Through digitised welfare schemes and direct government benefit transfers, the Bank empowers low-income groups like farmers, gig workers, and MSME entrepreneurs. Compliance with NPCI standards and the integration of Third-Party Application Provider (TPAP) services reinforce secure, efficient digital solutions.

NSDL Payments Bank has emerged as a leader in digital banking by delivering innovative, inclusive, and sustainable financial solutions. Its initiatives have achieved remarkable milestones, including a 201% CASA growth, empowering women, and integrating underserved communities into the financial mainstream.





Prepaid Card

In FY 2024-25, NSDL Payments Bank reinforced its leadership in financial inclusion and digital innovation, with a strong focus on enabling seamless payments through National Common Mobility Card (NCMC) solutions. The NCMC card exemplifies adaptability by functioning across ATMs, POS terminals, e-commerce platforms, and metro systems. This versatile solution is essential for corporate and public use, offering unparalleled convenience for everyday transactions.

To further enhance interoperability, the Bank introduced the NCMC Acquiring SDK, enabling seamless integration and fostering a unified digital payments ecosystem across platforms.

Building on its innovation drive, the Bank launched the transformative 3-in-1 Card, combining access, prepaid functionality, and NCMC features. This all-in-one card allows secure workplace and campus access, facilitates effortless travel across public transport networks, and ensures seamless digital transactions, addressing diverse user needs comprehensively.

NSDL Payments Bank's prepaid card portfolio also includes corporate gift cards, student cards, meal cards, and payroll cards, available across Mastercard, Visa, and RuPay networks. These offerings redefine payment efficiency for businesses and individuals alike.



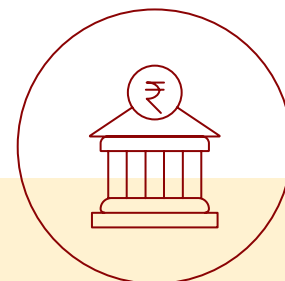




Merchant Services

NSDL Payments Bank is on a mission to help merchants grow by adopting digital payments. Whether working directly with merchants or through Payment Aggregators, the Bank is making it easier for businesses to embrace modern payment methods. Its advanced Aggregator model allows online and offline merchants to process UPI transactions effortlessly, helping them attract more customers and boost sales. Already, merchants from various sectors are benefiting from this initiative.





To expand its reach, the Bank is building strong partnerships with multiple Payment Aggregators. It has also introduced UPI services for merchants, offering features like static and dynamic QR codes, Collect and Intent options to simplify payments.

As the Bank looks ahead to 2025-26, NSDL Payments Bank plans to take merchant services to the next level. By collaborating with new Payment Aggregators and Processors, the Bank aims to bring more merchants on board using its Aggregator model, with a focus on UPI static and dynamic QR codes. The upcoming launch of UPI Static QR functionality, in partnership with its payment partners, will make it even easier for brick-and-mortar merchants to accept UPI payments, opening more opportunities for businesses to grow.

Through strategic partnerships, the Bank is addressing unique use cases by developing solutions like Multi-Wallet Cards, Fuel Cards, and RuPay-On-The-Go products. In line with interoperability guidelines, it is actively advancing innovative products such as Expense Management Cards and Fleet Management Cards, further enhancing convenience and flexibility for users.

With a market share of 8–10% in the prepaid card segment, NSDL Payments Bank has established itself as a leading issuer, revolutionising B2B payment solutions and empowering individuals with secure, efficient, and versatile payment options.

As NSDL Payments Bank continues to innovate, it remains dedicated to driving financial inclusion and building a digitally connected future for all.





Third-Party Products

NSDL Payments Bank has introduced a new approach to distributing third-party products to meet customer needs and support financial sustainability. These products include mutual fund schemes and insurance plans, made easily accessible through technology-enabled platforms at all customer touchpoints.



The Bank focusses on digital solutions to make onboarding and services smoother. Customers can now access mutual fund schemes from 28 leading Asset Management Companies through digital channels. In the insurance segment, the Bank has partnered with more than 10 insurance companies.

To make the process easier for customers, the Bank has implemented a Direct-to-Customer (D2C) model.

Mutual fund and insurance products can now be accessed and purchased directly through mobile banking platforms.

The Bank is committed to improving its digital services by simplifying processes and creating a user-friendly experience. These efforts aim to provide secure, efficient, and accessible financial services for all customers.





Corporate Governance

At NSDL Payments Bank, corporate governance is the cornerstone of ethical and transparent operations. The Bank's robust framework ensures full compliance with regulatory standards, precise financial auditing, proactive risk management, and well-defined human resource policies. By adhering to these principles, the Bank fosters trust, upholds accountability, and drives sustainable growth while staying true to the Bank's mission.



Internal Controls and Financial Reporting

NSDL Payments Bank maintains high standards of governance and accountability by enabling its Internal Audit function with full independence, appropriate authority, and adequate resources.

In alignment with the Reserve Bank of India's (RBI) guidelines on Risk-Based Internal Audit (RBIA), a comprehensive internal audit policy has been implemented. Designed on the basis of a risk assessment framework and regulatory benchmarks, the policy outlines a structured methodology for identifying the audit universe and prioritising strategic and emerging risks during audit planning. The RBIA framework plays a critical role in evaluating the effectiveness of internal control mechanisms and ensuring compliance with external regulations.

The Internal Audit function provides an independent assessment of the effectiveness and quality of internal controls, risk management frameworks, and governance practices. This contributes to ensuring adherence to internal policies and regulatory requirements.

Concurrent audits have been introduced to strengthen oversight, enabling deeper evaluation of operational processes. Key findings and management responses are regularly submitted to the Audit Committee of the Board, ensuring accountability.

As part of the Bank's digital transformation, the scope of the internal audit now includes information systems and cybersecurity, supported by external domain experts. A robust compliance tracking mechanism ensures the Audit Committee reviews audit observations and responses.

Additionally, several technology-driven initiatives have been implemented to enhance the efficiency and coverage of audits, enabling the Bank to manage emerging digital risks better.



Risk Management for Financial Sustainability

A strong emphasis is placed on effective risk management to safeguard against business losses, protect reputation, comply with legal and regulatory obligations, and uphold stakeholder confidence.

A Framework of Policies, Processes, and Controls

A well-structured risk management framework has been implemented, supported by comprehensive policies, processes, and controls. These elements guide employees in identifying, assessing, and managing risk. The framework is reviewed periodically to keep pace with evolving challenges and remain in sync with industry best practices.

Monitoring the Overall Risk Profile

The overall risk profile is continuously monitored, with assessments covering fraud, reputational risk, IT and cyber security, vendor/third-party risks, market risk, operational and business risks, compliance, and liquidity risks. Timely identification and mitigation of these risks help to ensure continued financial sustainability and organisational resilience.

Implementation of Home-Rule-Based KRI Methodology:

In FY 2024-25, the Bank implemented a home-rule-based Key Risk Indicator (KRI) methodology to enhance proactive risk identification and monitoring. Incorporating a dynamic rule engine, the framework tracks over 60 KRIs across operational, compliance, regulatory, market, information security, and reputational risks. Designed as an early warning system, it enables timely intervention, improved control effectiveness, and greater risk visibility. This initiative reinforces the Bank's commitment to a resilient, insight-driven risk culture aligned with long-term sustainability.



Fostering Trust Through Compliance

FY 2024-25 marked a pivotal year for the Compliance Department at NSDL Payments Bank. The institution underwent three significant audits conducted by the Reserve Bank of India – a KYC/AML audit, a full-scope inspection, and an IT examination by the CSITE Department. These audits, culminating in the release of the final report in November 2024, reaffirmed the institution's alignment with the highest standards of regulatory compliance and operational integrity.

The compliance function saw notable strengthening during the year, with staffing capacity doubled to drive deeper engagement and improved implementation. A comprehensive ML/TF Risk Assessment was carried out for the first time since inception, alongside an external compliance review – both marking important milestones.

Staff awareness was promoted through regular internal sessions and communication campaigns targeted at

employees and Business Correspondents. The rollout of Key Compliance Indicators (KCIs) improved monitoring in critical areas, and the standardisation of FIU reporting brought greater consistency and accuracy.

In January 2025, in-principle approval under ABEOP '25 was received to establish 12,267 Payment Banking Outlets (PBOs) and five Controlling Offices. By May, approvals for the first tranche enabled the launch of 2,102 PBOs and all five Controlling Offices.

Looking ahead, the Bank plans to implement a digital compliance tool and dashboard for real-time monitoring. The AML framework is also being expanded to cover additional products, ensuring readiness for evolving regulatory needs. Rooted in resilience, adaptability, and continuous improvement, the compliance approach continues to strengthen governance, integrity, and trust.

Empowering Growth from Within

The growth and achievements of NSDL Payments Bank are powered by the passion, commitment, and diversity of its expanding workforce. In FY 2024-25, the team grew to over 200 professionals, reflecting organisational expansion and continued investment in human capital. Guided by the 2025-26 theme – Trusted. Included. – the workforce has played a central role in driving innovation, inclusivity, and service excellence.

A workplace culture focussed on engagement, inclusivity, and continuous learning has been nurtured. Women comprise 24% of the workforce, highlighting an active effort toward promoting gender diversity. To encourage knowledge exchange, programs such as Paathshaala, led by functional heads and external experts, have fostered cross-functional learning. The CEO Townhall has become a regular platform for open communication and strategy alignment across all levels.

Recognising contributions has remained a key priority. The Pragati Rewards and Recognition Program, along with Appreciation Cards, have supported a

culture of encouragement and positive reinforcement. Training programs across cybersecurity, POSH, KYC-AML, and banking products have prepared employees to stay competitive in a dynamic financial ecosystem. Participation in webinars and industry forums has further enhanced capabilities. Cultural celebrations have strengthened team cohesion and created a vibrant workplace environment.

These initiatives were nationally recognised when NSDL Payments Bank was awarded the Best Blended Strategy Award, honouring the balanced approach to strategic goals and employee engagement.

The impact of these efforts has been transformative, fostering collaboration, building capability, and improving service delivery. Looking ahead, continued emphasis will be placed on gender diversity, leadership development, digital upskilling, and enhanced recognition and wellness initiatives to ensure a motivated, future-ready workforce.

It is the people who continue to drive the mission forward, delivering on promises of trust, progress, and innovation while building a resilient and inspiring organisation.





Board of Directors



Mr. Dhananjaya A. Tambe
Non Executive Chairman and
Independent Director



Mr. Vijay Chandok
Non Executive Director



Mr. Sitaram Pothukuchi
Independent Director



Ms. Shanta Vallury Gandhi
Independent Director



Mr. Patric Barla
Independent Director



Mr. Abhijit M. Kamalapurkar
Managing Director & CEO

Leadership Team



Mr. Abhijit M. Kamalapurkar
MD & CEO



Mr. Nishant Vasani
Chief Business Officer



Mr. Harsh Kamdar
Chief Financial Officer



Mr. Gautam Goswami
Company Secretary (CS)
and Legal Head



Mr. Harish Madambath
Chief Compliance Officer



Mr. Ashish Shah
Chief Risk Officer



Mr. Ashutosh Shirbhate
Chief Technology Officer



A year full of memories, and meaningful impact. From winning industry accolades to engaging employees through vibrant in-office activities, and driving financial awareness programmes across the remotest corners of India, this gallery captures the essence of our journey through the year.



2024-25 at a glance...



Vishwas Bhi, Vikas Bhi



Corporate Information

BOARD OF DIRECTORS

Mr. Dhananjaya Tambe

Part Time Chairman and Independent Director

Mr. Vijay Chandok

Non-executive Director

Mr. Patric Barla

Independent Director

Mr. Sitaram Pothukuchi

Independent Director

Ms. Shanta Vallury Gandhi

Independent Director

Mr. Abhijit Kamalapurkar

Managing Director & Chief Executive Officer

BANKERS

HDFC Bank

IDBI Bank

Bank of America

Bank of India

Yes Bank

STATUTORY AUDITORS

M/s. K. Gopal Rao & Co.

Chartered Accountants

No. 21, Moosa Street, T. Nagar, Chennai

Tamil Nadu - 600017

INTERNAL AUDITOR

Ms. Avani Jain

SECRETARIAL AUDITORS

M/s. MMJB & Associates LLP

Company Secretaries

803-804, Ecstasy, City of Joy, JSD Road,

Mulund-West, Mumbai - 40080.

REGISTERED OFFICE

4th Floor, Tower 3, One International Centre,

Senapati Bapat Marg, Prabhadevi,

Mumbai - 400013

Email: care@nsdlbank.co.in

Tel: 022-49142756

CIN: U65900MH2016PLC284869

Follow NSDL Payments Bank:



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Notice of Nineth Annual General Meeting

Notice is hereby given that the Nineth Annual General Meeting of the Members of NSDL Payments Bank Limited will be held on Friday, August 29, 2025, at 11.00 AM IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"). The venue shall be deemed to be Registered Office of the Bank i.e., 401, 4th Floor, Tower 3, One International Center, Senapati Bapat Marg, Prabhadevi, Mumbai 400013.

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited financial statements for the year ended March 31, 2025, together with the reports of the Board of Directors and auditors thereon.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited financial statements of the Bank for the Financial Year ended March 31, 2025, and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. **To consider and approve the appointment of Mr. Vijay Chandok (DIN: 01545262) who retires by rotation and being eligible, offers himself for re-election.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Ms. Vijay Chandok (DIN: 08058663), who retires by rotation and being eligible for re-election, be and is hereby re-elected as a Director of the Bank."

SPECIAL BUSINESS:

3. **To approve the appointment of Mr. Vijay Chandok (DIN: 01545262) as Non-Executive Director of the Bank.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Vijay Chandok (DIN: 01545262), who was, pursuant to Section 161 of the Companies Act, 2013 and Articles of Association of the Bank, appointed as an Additional Non-Executive Director of the Bank, liable to retire by rotation, with effect from Mr. Chandok is appointed on January 04, 2025 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Non-Executive Director of the Bank with effect from

January 04, 2025, liable to retire by rotation under Section 152(6) of the Companies Act, 2013.

RESOLVED FURTHER THAT any Director and Company Secretary of the Company be and are hereby severally authorized to sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

4. **To approve the appointment of Ms. Shanta Vallury Gandhi (DIN: 06830597) as Independent Director of the Bank.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Ms. Shanta Vallury Gandhi (DIN: 06830597) who was, pursuant to Section 161 of the Companies Act, 2013 and Articles of Association of the Bank, appointed as an Additional Independent Director of the Bank, with effect from January 10, 2025 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Bank for a period of 3 years with effect from January 10, 2025.

RESOLVED FURTHER THAT Ms. Shanta Vallury Gandhi, as per the provisions of section 197(5) of the Companies Act, 2013, shall receive remuneration by way of fee for attending the meetings of the Board or Committee thereof and for any other purpose as may be decided by the Board, provided the amount of such fees shall not exceed the amount as may be prescribed under relevant rules of the Companies Act, 2013.

RESOLVED FURTHER THAT any Director and Company Secretary of the Company be and are hereby severally authorized to sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

5. **To approve the compensation of Mr. Abhijit M. Kamalapurkar (DIN: 08849177), MD & CEO for the Financial Year 2025-2026.**

To consider and, if thought fit, to pass, with or without modification (s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to relevant provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) to the extent applicable and applicable clauses of the Articles of Association of the Bank and RBI Guidelines on Compensation of Whole Time Directors/ Chief

Executive Officers/ Material Risk Takers and Control Function staff dated November 04, 2019, and subject to approval by RBI, the members hereby approve the remuneration of ₹ 2,60,00,000 with fixed pay of ₹ 1,30,00,000 and target variable pay of ₹ 1,30,00,000 apportioned as cash variable pay of ₹ 52,00,000 and non-cash variable pay of ₹ 78,00,000 in the proportion of 40:60 as part of the remuneration of Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], Managing Director & CEO of the Bank, with effect from April 1, 2025, for FY 2025-26 subject to approval of the Reserve Bank of India (RBI) on the terms and conditions as mentioned below:

- Salary and allowances will be as per Annexure I a.
- The Bank will be entitled to deduct from the payment due to him, applicable taxes and statutory levies and any dues payable by him to the Bank.
- Compensation of MD&CEO shall be as per the Remuneration and Compensation Policy of the Bank, read with the applicable provisions of the Banking Regulation Act, RBI Circular no. DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 4, 2019, and such other any amendments therein or any circulars/ guidelines as may be notified by RBI from time to time.

Registered Office:
401, 4th Floor, Tower 3,
One International Center,
Senapati Bapat Marg,
Prabhadevi Mumbai 400013.

Place: Mumbai
Date: August 06, 2025

Annexure I a

Particulars	Amount
Basic	39,00,000
HRA	19,50,000
LTA	3,25,000
BOB Allowance	61,69,410
Gross Salary	1,23,44,410
Provident Fund	4,68,000
Gratuity	1,87,590
Retiral Benefits	6,55,590
Total Fixed	1,30,00,000
Target Variable Pay (cash)*	52,00,000
Target Variable Pay (non-cash)*	78,00,000
Total Target Variable pay	1,30,00,000
Total CTC	2,60,00,000

*The cash and non-cash variable represent the highest earning potential, based on both individual and organizational performance

RESOLVED FURTHER THAT any Director or the Company of the Bank be and are hereby severally authorised to take such steps and do all acts, deeds and things as may be necessary, proper, expedient, or incidental for the purpose of giving effect to the aforesaid resolution."

By Order of the Board of Directors
For **NSDL Payments Bank Limited**

Gautam Goswami
Company Secretary
Membership No. A48726

**NOTES:**

1. The Ministry of Corporate Affairs ("MCA") has vide its Circular No. 20/2020 dated May 05, 2020 read with Circular No. 02/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 (collectively referred to as "MCA Circulars") permitting convening the Annual General Meeting ("AGM") through Video Conferencing (VC) or Other Audio Visual Means (OAVM). In accordance with the MCA circulars and provisions of the Companies Act, 2013 ("the Act"), the AGM of the Bank is being held through VC/OAVM.
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Bank located at 401, 4th Floor, Tower 3, One International Center, Senapati Bapat Marg, Prabhadevi Mumbai 400013, which shall be deemed venue of the AGM.
3. Members are requested (Institutional/Corporate Shareholders) to send a scanned copy (PDF / JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at secretarial@nsdlbank.co.in
4. The Notice of the 9th Annual General Meeting of the Bank is being sent to members whose names appear in the BENPOS as of August 04, 2025.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

5. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA, the dispatch of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
6. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to secretarial@nsdlbank.co.in

7. The Notice of AGM along with Annual Report for the financial year 2024-25, is available on the website of the Company <http://www.nsdlbank.com>

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

8. Members will be able to attend the 9th AGM through VC/OAVM Facility. For this purpose, please use the Microsoft Teams Link shared in the email to join the said meeting.
9. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
10. Members who need assistance with the use of technology for joining the AGM through VC/OAVM can contact the Company Secretary at the below mentioned email id:

Email id: secretarial@nsdlbank.co.in
11. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT:

13. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, email id, mobile number at secretarial@nsdlbank.co.in Questions / queries received by the Company till 11.00 a.m. on August 26, 2025, shall only be considered and responded during the AGM.
14. Members who would like to express their views or ask questions during the AGM may raise their hands as per the functionality available on the Microsoft Teams application, however the Company reserves the right to restrict the number of questions and number speakers, as appropriate for smooth conduct of the AGM.

GENERAL INFORMATION:

15. The voting rights shall be as per the number of equity shares held by the Member(s) as on AGM date, being the cut-off date.
16. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon request.
17. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividends. The Bank cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 3**

The Bank pursuant to Section 10(A)(2) of the Banking regulation Act, 1949 is required to appoint not less than 51% of the total number of members of the Board of Directors as persons not having any substantial interest in any entity.

In view of the above, the Board of Directors vide approval by circular, on January 04, 2025, upon recommendation of the Nomination and Remuneration Committee, appointed Mr. Vijay Chandok (DIN: 01545262) as an Additional Director (Non-Executive Category), liable to retire at every AGM under Section 152(6) of the Companies Act, 2013 with effect from January 04, 2025, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Vijay Chandok will hold office up to the date of this Annual General Meeting and is eligible to be appointed as a Director of the Bank. The Bank has, in terms of Section 160 of the Act, received, in writing, a notice proposing the candidature of Mr. Vijay Chandok for the office of Director.

Mr. Vijay Chandok has been a tenured professional in the financial services space since 1993. He has been associated with ICICI Group for the last 31 years. Earlier, he served as the Managing Director & CEO of ICICI Securities Ltd. He holds a master's degree from Mumbai University in Management Studies (MMS) from Narsee Monjee Institute of Management Studies, Mumbai. He also holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology (Banaras Hindu University), Varanasi (formerly IT-BHU). Mr. Vijay Chandok is also Managing Director & CEO of National Securities Depository Limited (NSDL).

Your Board of Directors, therefore, recommends the passing of the ordinary resolution as set out in Item no.3 of the accompanying Notice.

Except Mr. Vijay Chandok, being an appointee, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out in Item No.3. The Members are requested to consider and approve the same.

ITEM NO. 4

The Bank pursuant to Section 10(A)(2) of the Banking regulation Act, 1949 is required to appoint not less than 51% of the total number of members of the Board of Directors as persons not having any substantial interest in any entity.

In view of the above, the Board of Directors vide approval by circular, on January 10, 2025, upon recommendation of the Nomination and Remuneration Committee, appointed Ms. Shanta Vallury Gandhi (DIN: 06830597) as an Additional Director (Independent Category), with effect from January 10, 2025, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Shanta Vallury Gandhi will hold office up to the date of this Annual General Meeting and is eligible to be appointed as a Director of the Bank. The Bank has, in terms of Section 160 of the Act, received, in writing, a notice proposing the candidature of Ms. Shanta Vallury Gandhi for the office of Director.

Ms. Shanta Vallury Gandhi is a senior business leader with over 30 years of experience in banking, financial services, P&L responsibility, governance, audit, and compliance. She has worked across retail assets, distribution of financial products, branch banking, human resources, internal branding and CSR. Further, she holds a proven track record in organizational transformation, people leadership, and sustainable business growth.

Ms. Gandhi is passionate advocate for Diversity, Equity, and Inclusion with expertise in creating impactful CSR initiatives.

Your Board of Directors, therefore, recommends the passing of the ordinary resolution as set out in Item no.4 of the accompanying Notice.

Except Ms. Shanta Vallury Gandhi, being an appointee, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out in Item No.4. The Members are requested to consider and approve the same.

ITEM NO. 6

The Board at its meeting held on April 30, 2025, based on the advise of Nomination and Remuneration Committee of the Bank, approved the remuneration of MD & CEO for the Financial Year 2025-2026, subject to approval by members and RBI. The Bank proposes a remuneration of ₹ 2,60,00,000 with fixed pay of ₹ 1,30,00,000 and target variable pay of ₹



1,30,00,000 apportioned as cash variable pay of ₹ 52,00,000 and non-cash variable pay of ₹ 78,00,000 as part of the remuneration to Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], Managing Director & CEO of the Bank, with effect from April 1, 2025, for FY 2025-26.

The Bank vide letter NBPL/CS/25-26/02 dated June 05, 2025, made an application to RBI seeking its approval for revision in the remuneration to MD & CEO for the FY 2025-2026. The aforesaid application made by the Bank is pending with RBI for its approval. The compensation of the Managing Director & CEO shall be subject to approval by the Reserve Bank of India and shall remain within the limits approved by the shareholders.

Financial Performance:

The Bank recorded a gross revenue of ₹ 717 crore, with a Profit After Tax (PAT) of ₹ 1.80 crore, as compared to a PAT of ₹ 1.71 crore in FY 2023–24. Deposits increased significantly to ₹178.87 crore, up from ₹59.34 crore in the previous year on the back of account opening. The Net Worth of the Bank as on March 31, 2025, stood at INR 130.65 crore.

As of March 31, 2025, the total number of active CASA accounts stood at approximately 24 lakhs, out of which 16,09,505 accounts were newly opened during the year. The Return on Equity (RoE) was reported at 1.22%, while the Cost-to-Income (C/I) ratio stood at 99.76%. The Cost of Deposits was 2.50%.

The Balance Sheet size of the Bank increased to INR 515.57 crore as on March 31, 2025, from INR 333.12 crore as on March 31, 2024.

In view of the direction by the Board and based on the advise of the Nomination and Remuneration Committee, a resolution seeking the Members' approval for the remuneration of Mr. Kamalapurkar effective April 1, 2025, on the following terms and conditions, subject to approval of the RBI, is being placed before the members for their approval.

- Salary and allowances will be as per Annexure I a.
- The Bank will be entitled to deduct from the payment due to him, applicable taxes and statutory levies and any dues payable by him to the Bank.

- Compensation of MD&CEO shall be as per the Remuneration and Compensation Policy of the Bank, read with the applicable provisions of the Banking Regulation Act, RBI Circular no. DOR.Appt. BC.No.23/29.67.001/2019-20 dated November 4, 2019, and such other any amendments therein or any circulars/ guidelines as may be notified by RBI from time to time.

Annexure 1a

Particulars	Amount
Basic	39,00,000
HRA	19,50,000
LTA	3,25,000
BOB Allowance	61,69,410
Gross Salary	1,23,44,410
Provident Fund	4,68,000
Gratuity	1,87,590
Retiral Benefits	6,55,590
Total Fixed	1,30,00,000
Target Variable Pay (cash)*	52,00,000
Target Variable Pay (non-cash)*	78,00,000
Total Target Variable pay	1,30,00,000
Total CTC	2,60,00,000

*The cash and non-cash variable represent the highest earning potential, based on both individual and organizational performance

Your Board of Directors, therefore, recommends the passing of the special resolution as set out in Item no. 5 of the accompanying Notice.

Except Mr. Abhijit M. Kamalapurkar, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out in Item No.6. The Members are requested to consider and approve the same.

Other Disclosure relating to Directors seeking appointment/re-appointments pursuant to Clause 1.2.5 of Secretarial Standards-2 on General Meetings

Name of Director	Mr. Vijay Chandok	Ms. Shanta Vallury Gandhi
Category	Non-Executive Director	Independent Director
DIN	01545262	06830597
Date of Birth	23/02/1968	06/05/1967
Qualifications	B. Tech & MMS	Marketing Management, (MMM), MA, BA
Experience	Mr. Vijay Chandok has been a tenured professional in the financial services space since 1993. He has been associated with ICICI Group for the last 31 years. Earlier, he served as the Managing Director & CEO of ICICI Securities Ltd.	Ms. Gandhi has been a senior business leader with over 30 years of experience in banking, financial services, P&L responsibility, Governance, audit, and compliance function. She has worked across retail assets, distribution of financial products, branch banking, human resources, internal branding and CSR. Proven track record in organizational transformation, people leadership, and sustainable business growth. Ms. Gandhi is a passionate advocate for Diversity, Equity, and Inclusion with expertise in creating impactful CSR initiatives.
Terms & Conditions appointment or reappointment	Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.	Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.
Remuneration Details	NIL	Sitting Fees and/or reimbursement of expenses incurred for discharge of duties as a Director
Date of first appointment on the Board	January 04, 2025	January 10, 2025
Shareholding in the Company	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None
Number of Board meetings attended during the year 2024-25	1/1	1/1
List of another Directorship held	1) National Securities Depository Limited (NSDL) 2) NSDL Database Management Limited (NDML)	1) Ghodawat Consumer Limited 2) Agarsha Senior Care Private Limited 3) T.M.Inputs And Services Private Limited



Name of Director	Mr. Vijay Chandok	Ms. Shanta Vallury Gandhi
Chairman/Member of the Committees of Board of other Companies	<p>1) Member of following Committee at NSDL:</p> <ul style="list-style-type: none">• CSR Committee• Stakeholder Relation Committee• Member Committee• Standing Committee on Technology• Risk Management Committee• Investment Committee <p>2) Chairman/Member of following Committee at NDML:</p> <ul style="list-style-type: none">• Nomination and Remuneration Committee (Chairman)• Audit Committee (Member)• CSR Committee (Member)	<p>3) Chairperson of HR Committee at T.M.Inputs and Services Private Limited</p>
Chairman/Member of the Committees of Board of the Company	<ul style="list-style-type: none">• Nomination & Remuneration Committee (Chairman)• Risk Management Committee (Member)• Customer Service Committee (Member)• IT Strategy Committee (Member)• Capital Raising Committee of Board (Member)	<ul style="list-style-type: none">• Customer Service Committee (Chairperson)• Audit Committee (Member)• Nomination & Remuneration Committee (Member)• Capital Raising Committee of Board (Member)

Director's Report

for the year ended March 31, 2025

To the Members,

Your directors have the pleasure of presenting the 9th Annual Report along with the Audited Financial Statements of your Bank for the year ended March 31, 2025.

FINANCIAL POSITION

The financial highlights of the Bank for the year under review are as under:

Particulars	(Amt In 'Lakhs')	
	24-25	23-24
Total income	72,157.88	71,969.40
Total expenses	71,977.66	71,798.26
Profit / (Loss) for the year	180.22	171.14
Loss brought forward	(3,808.13)	(3,808.13)
Appropriation	(180.22)	(171.14)
Total Loss After Tax	(3,808.13)	(3,808.13)
Basic & diluted EPS	0.10	0.10

The comparative financial information of the Bank for the year ended March 31, 2025, has been included as per the Banking Regulation Act, 1949.

The Bank recorded a gross revenue of ₹717 crore, with a Profit After Tax (PAT) of ₹1.80 crore, as compared to a PAT of ₹1.71 crores in FY 2023-24. Deposits increased significantly to ₹178.87 crore, up from ₹59.34 crores in the previous year on the back of account opening. The Net Worth of the Bank as on March 31, 2025, stood at ₹130.65 crore.

As of March 31, 2025, the total number of active CASA accounts stood at approximately 24 lakhs, out of which 16,09,505 accounts were newly opened during the year. The Return on Equity (RoE) was reported at 1.22%, while the Cost-to-Income (C/I) ratio stood at 99.76%. The Cost of Deposits was 2.50%.

The Balance Sheet size of the Bank increased to ₹515.57 crores as on March 31, 2025, from ₹333.12 crores as on March 31, 2024.

No material changes and commitments have occurred after the end of the year till the date of this Report, which affects the financial position of the Bank.

Your Bank has not undergone any changes in the nature of the business during the financial year and continues to pursue the business of Payments Bank.

DIVIDEND

Your directors do not recommend any dividend for the financial year ended March 31, 2025.

TRANSFER TO GENERAL RESERVES

During the year under review, your Bank has made an appropriation of ₹45.05 lakhs (March 31, 2024: 42.79 lakhs) out of profits for the year ended March 31, 2025, to Statutory Reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000. The Bank has also appropriated ₹135.17 lakhs (March 31, 2024: 128.35 lakhs) out of the profits for the year ended March 31, 2025, to Investment Fluctuation Reserve pursuant to the requirements of RBI circular on "Prudential Norms for Classification, Valuation and Operation of Investments Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)".

SHARE CAPITAL

As on March 31, 2025, the paid-up share capital stood at ₹180 crores comprising of 18,00,00,000 equity shares of ₹10 each. During the year under review, the Bank did not raise any additional Equity Share capital.

None of the Directors of the Bank hold shares in the Bank.

EMPLOYEES STOCK OPTIONS PLAN ("ESOP")

The Bank has formulated and implemented NSDL Payments Bank Employee Stock Option Plan 2022 ("the Plan"), to reward key talents for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

The Nomination and Remuneration Committee ("NRC") of the Bank is entrusted with the responsibility of implementation and administration of the Plan.

During the year under review, the Bank has not made any additional grants under the ESOP Plan 2022 except for those disclosed in this report. Disclosures, required under Rule 12(9) of the Companies (Share capital and debenture) Rules, 2014 relating to details of stock options granted by the Bank is annexed herewith as "Annexure 1".

Further, the Bank has not granted any eligible employee stock options equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During the year under review, your Bank did not have any subsidiary, associate and joint venture company.



AUDITORS AND REPORTS

The matters relating to Auditors and their Reports are as under:

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2025:

M/s. K Gopal Rao & Co, Chartered Accountants, has conducted a Statutory Audit of the Financial Statements of the Bank for the financial year ended March 31, 2025. The Notes referred to in the Auditor's Report are self-explanatory. There are no qualifications or reservations, or adverse remarks or disclaimers given by Statutory Auditors and therefore, it does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013. The Auditors' Report forms an integral part of this Annual Report.

b. STATUTORY AUDITORS

M/s. K Gopal Rao & Co, Chartered Accountants, (Firm Registration No.000956S) ("KGR") had been appointed as the auditors of the Bank for a period of three years, subject to authorisation by RBI at annual intervals and retire at the 11th Annual General Meeting of the Bank. KGR has conducted a Statutory Audit of the Financial Statements of the Bank for the financial year ended March 31, 2025. The Notes referred to in the Auditor's Report are self-explanatory. There are no qualifications or reservations, or adverse remarks or disclaimers given by Statutory Auditors. The Auditors' Report forms an integral part of this Annual Report.

c. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s. MMJB & Associates LLP, Company Secretaries, to undertake the Secretarial Audit for the financial year ended March 31, 2025. The Secretarial Audit Report in Form MR-3 is annexed herewith as "Annexure 2". The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

d. COST AUDITOR

During the year under review, the provisions for maintenance of cost records as specified by the Central Government under section 148(1) of the Act are not applicable to the Bank and the Bank was not required to appoint a Cost Auditor.

e. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instance of frauds committed in the Bank by its officers or

employees to the Audit Committee under section 143(12) of the Companies Act, 2013, and therefore the requirement to disclose the details of fraud in this Report does not arise.

INTERNAL CONTROLS AND AUDIT

Your Bank has well-established processes and clearly defined roles and responsibilities at various levels. Comprehensive policies and standard operating procedures have been put in place in various departments of your Bank. There is an internal auditor appointed for conducting internal and operations audit of the Bank. The report of the Internal Auditor along with management response is placed before the Audit Committee for review from time to time. To provide further comfort, the Bank has also appointed a third-party auditor to provide independent assurance on the policy and processes of the Bank in an advisory capacity. As part of regulatory requirements, your Bank has also undergone an IT/IS Audit conducted by a CISA certified auditor. Your Bank has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as of March 31, 2025.

RISK MANAGEMENT AND INSURANCE

Considering various risks involved, a Risk Management Committee ("the Committee") has been constituted by the Bank for the identification, assessment, evaluation, monitoring, mitigation, and management of risks. The Committee functions as the apex management body to approve policies, evaluate/monitor risks and take decisions on mitigation of critical risks and compliance issues.

The Risk Management Policies and Framework approved by the Board of the Directors of the Bank drive the enterprise-wide function of Risk Management, wherein all material risks faced by the Bank are identified and assessed. For each of the risks identified, corresponding controls are assessed, and policies and procedures are put in place for monitoring, mitigating, and reporting on a periodic basis.

DEPOSITS

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with sections 73 & 74 of the Companies Act, 2013, are not applicable to your bank.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

There was no loan made, guarantee given, or security provided or acquisition of security under Section 186 of the Companies Act, 2013 and hence, no disclosure was required to be made herein in this regard.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the Related Party Transactions that were entered into during the financial year were on an arm's length basis and

were in ordinary course of business of the Bank. There were no material related party transactions entered during the Financial Year under review, by your Bank and hence the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, in Form AOC -2, is not applicable to your Bank.

POSITIVE WORK ENVIRONMENT

- a. Your Bank has formulated and adopted a policy on prevention of sexual harassment at workplace and takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The details of complaints are as follows:
 1. Number of complaints of sexual harassment received in the year – NIL
 2. Number of complaints disposed off during the year – NIL
 3. Number of cases pending for more than ninety days – NIL
- b. Your Bank has complied with the provisions of Maternity Benefit Act, 1961.

BOARD OF DIRECTORS

A. CHANGES IN BOARD DURING THE YEAR

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949 and the Guidelines issued by the RBI. As on March 31, 2025, the Bank has Six (6) Directors. The Board of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Director, and Independent Directors.

The Members at their AGM held on September 27, 2021 had approved the appointment of Ms. Padmaja Chunduru (DIN: 08058663) as a Non-Executive Director of the Bank, liable to retire by rotation. Mr. Chunduru resigned as Non-Executive Director of the Bank with effect from August 31, 2024.

The Members at their AGM held on August 29, 2019 had approved the appointment of Mr. N S Venkatesh (DIN: 01893686) as an Independent Director of the Bank for a period of three consecutive years. Mr. N S Venkatesh was re-appointed on August 27, 2021, for the second term of three consecutive years commencing from November 12, 2021 to November 11, 2024. On completion of the second term, Mr. Venkatesh ceased to be Director of the Bank on November 11, 2024.

The Members at their AGM held on August 29, 2019 have approved the appointment of Dr. Mrs. Bala Krishnamoorthy (DIN: 08247118) as an Independent Director of the Bank for a period of three consecutive years. Dr. Mrs. Bala Krishnamoorthy was re-appointed on August 27, 2021 for the second term of three consecutive years commencing from November 12, 2021 to November 11, 2024. On completion of the second term, Dr. Mrs. Bala Krishnamoorthy ceased to be Director of the Bank on November 11, 2024.

In accordance with the provisions of the Companies Act, 2013, and RBI Regulations and based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Ms. Shanta Vallury Gandhi (DIN: 06830597) as an Additional Director (Independent Category) of the Bank for a period of three consecutive years with effect from January 10, 2025, up to January 09, 2025 (both days inclusive). The resolution seeking her appointment as an Independent Director of the Bank for a term of three consecutive years commencing from January 10, 2025, along with her profile as required under Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 9th AGM Notice.

In accordance with the provisions of the Companies Act, 2013, and RBI Regulations and based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Mr. Vijay Chandok (DIN: 01545262) as an Additional Director (Non-Executive Category) of the Bank, liable to retire by rotation at every annual general meeting of the Bank. The resolution seeking his appointment as a Non-Executive Director of the Bank, along with his profile as required under Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India forms part of 9th AGM Notice.

The Members at their AGM held on September 27, 2021, had approved the appointment of Mr. Patric Barla (DIN: 09268800) as an Independent Director of the Bank for a period of three consecutive years to hold the office up to August 06, 2024. The Board at its meeting held on July 23, 2024, based on the recommendations of the Nomination and Remuneration Committee, approved the appointment of Mr. Barla as Additional Director (Independent Category) of the Bank up to ensuing 8th Annual General Meeting and for a second term of three years commencing from the August 07, 2024. The members in their 8th Annual General Meeting re-appointed Mr. Barla as Independent Director for the aforementioned period.

In accordance with the provisions of the Companies Act, 2013, and RBI Regulations and based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Mr. Sitaram



Pothukuchi (DIN: 00311538) as an Additional Director (Independent Category) of the Bank for a period of three consecutive years with effect from October 18, 2023, up to October 18, 2026 (both days inclusive). The members at the Eight Annual General Meeting held on August 26, 2024, further approved the appointment of Mr. Pothukuchi as Director (Independent Category) for the period as aforementioned.

In FY 2024-25, modifications to the Board of Directors occurred solely to the extent detailed above.

B. BOARD PROCEDURES AND MEETINGS

A minimum of four Board meetings are held every year. Apart from the above, additional Board meetings are

convened by giving appropriate notice in advance to all the Directors to address the specific needs of the Bank. The dates of the Board meetings are decided with the mutual consent of all the Directors. The Board meetings are usually held at the registered office of the Bank. However, in case of special and urgent business, the Board also approves by Circular Resolution, important items of business which are permitted by Companies Act, 2013.

During the year under review, Five Board meetings were held on April 19, 2024; June 19, 2024; July 23, 2024; October 24, 2024, and January 23, 2025, Details of attendance of each director at the Board Meetings held during the financial year 2024-25 are as follows:

Name of the Director	Category	19/04/2024	19/06/2024	23/07/2024	24/10/2024	23/01/2025
Mr. Dhananjaya Tambe	Independent	P	P	P	P	P
Mr. Sitaram Pothukuchi	Independent	P	P	P	P	P
Mr. Patric Barla	Independent	P	P	P	P	P
Mr. Vijay Chandok ¹	Non-Executive	-	-	-	-	P
Ms. Shanta Vallury Gandhi ²	Independent	-	-	-	-	P
Mr. Abhijit M Kamalapurkar	Executive (MD & CEO)	P	P	P	P	P
Mr. N.S. Venkatesh ³	Independent	P	P	P	P	-
Dr. (Mrs) Bala Krishnamoorthy ⁴	Independent	P	P	P	P	-
Ms. Padmaja Chunduru ⁵	Non-Executive	P	P	P	-	-

¹Mr. Vijay Chandok was appointed as Additional NED w.e.f January 10, 2025

²Ms. Shanta Vallury Gandhi was appointed as Additional Independent Director w.e.f January 04, 2025

³Mr. N S Venkatesh ceased to be a Director w.e.f November 11, 2024

⁴Dr. (Mrs) Bala Krishnamoorthy ceased to be a Director w.e.f November 11, 2024

⁵Ms. Padmaja Chunduru ceased to be a Director w.e.f August 31, 2024

C. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have given declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in section 149(6) of the Companies Act, 2013. In the opinion of the Board, these Independent Directors fulfil the conditions specified in the Companies Act 2013 and rules made thereunder for appointment as Independent Directors and confirm that they are independent of the management.

D. POLICY ON DIRECTORS', KEY MANAGERIAL PERSONNEL & OTHER EMPLOYEES' APPOINTMENT AND REMUNERATION

The Policy on appointment and remuneration of Directors, Key Managerial personnel and other employees including criteria for determining qualifications, positive attributes, independence, and other matters provided under Section 178(3) of the Companies Act, 2013, has been adopted by the Board pursuant to the recommendation of the Nomination and Remuneration Committee.

E. PERFORMANCE EVALUATION OF THE BOARD AND DIRECTORS:

Your Bank has in place an evaluation criterion for evaluation of the Board's own performance and the Directors individually and the same has been implemented as a prudent governance practice. During the year under review, the annual performance evaluation of the Board's own performance, the Directors individually, was carried out by the Bank for FY 2024 and FY 2025.

F. BOARD COMMITTEES

a. Audit Committee

The Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013. The Committee has three members with Mr. Sitaram Pothukuchi as its Chairman. The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Bank and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Bank and review the quarterly and

annual financial accounts of the Bank. The Committee reviews report of the Internal Auditors, Statutory Auditors, IT/IS Auditors, Concurrent Auditors and Secretarial Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and reviews accounting policies followed by the Bank.

During FY 2024-25 the Committee met eight times on April 18, 2024, April 19, 2024, July 22, 2024, July 23, 2024, October 23, 2024, October 24, 2024, January 22, 2025, and January 23, 2025, respectively. The details of composition and attendance of members of the Audit Committee are given hereunder: -

Name of the member	Designation	18/04/2024	19/04/2024	22/07/2024	23/07/2024	23/10/2024	24/10/2024	22/01/2025	23/01/2025
Mr. Sitaram Pothukuchi	Chairman	P	P	P	P	P	P	P	P
Mr. Patric Barla	Member	P	P	P	P	P	P	P	P
Ms. Shanta Vallury Gandhi ¹	Member	-	-	-	-	-	-	P	P
Mr. N.S. Venkatesh ²	Member	P	A	P	P	P	P	-	-

¹Ms. Shanta Vallury Gandhi was appointed as Additional Independent Director w.e.f January 04, 2025

²Mr. N S Venkatesh ceased to be a Director w.e.f November 11, 2024

b. Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee in accordance with provisions of Section 178 of the Companies Act, 2013 and rules made thereunder. The Committee has three members with Mr. Vijay Chandok as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013 and applicable RBI Guidelines. The Committee met three times during the year on June 19, 2024, October 21, 2024, and January 23, 2025. Details of compositions and attendance of each member at the Committee Meetings held during the year are as follows:

Name of the members	Designation	19/06/2024	21/10/2024	23/01/2025
Mr. Vijay Chandok ¹	Chairman	-	-	P
Ms. Shanta Vallury Gandhi ²	Member	-	-	P
Mr. Dhananjaya Tambe	Member	P	P	P
Ms. Padmaja Chunduru ³	Chairman	P	P	-
Mr. Patric Barla	Member	P	P	-
Mr. N.S. Venkatesh	Member	-	P	-

¹Mr. Vijay Chandok was appointed as Additional NED w.e.f January 10, 2025

²Ms. Shanta Vallury Gandhi was appointed as Additional Independent Director w.e.f January 04, 2025

³Ms. Padmaja Chunduru ceased to be a Director w.e.f August 31, 2024

In addition to the Committees covered specifically in detail above as per the Companies Act, 2013, the Bank also has following Committees, namely:

- i) Board-level Committees.**
 - Risk Management Committee
 - Customer Service Committee
 - IT Strategy Committee
 - Special Committee on Fraud cases
 - Capital Raising Committee of the Board
 - IT Steering Committee
 - Information Security Committee
 - Standing Committee on Customer Service
 - Investment Committee
 - Audit Committee of Executives
 - Procurement Committee
- ii) Executive-level Committees**
 - Executive Risk Management Committee
 - Product and Process Approval Committee
 - Assets-Liability Management Committee
 - Pricing Committee
 - Branch Committee
 - Ethics Committee
 - Working Committee on Capital Raising



DETAILS OF KEY MANAGERIAL PERSONNEL (KMPs)

In terms of Section 203 of the Companies Act, 2013, the details of the KMPs are as under:

Name	Designation
Mr. Abhijit M Kamalapurkar	Managing Director & CEO
Mr. Harsh Kamdar ¹	Chief Financial Officer
Mr. Gautam Goswami ²	Company Secretary
Mr. Jigar H. Shah ³	Ex-Chief Financial Officer
Mr. Balan Santosh Parthasarathy ⁴	Ex-Company Secretary

¹Mr. Harsh Kamdar was appointed as Chief Financial officer w.e.f April 30, 2025

²Mr. Gautam Goswami was appointed as Company Secretary w.e.f October 24, 2024

³Mr. Jigar Shah ceased to be Chief Financial officer w.e.f February 28, 2025

⁴Mr. Balan S. Parthasarathy ceased to be Company Secretary w.e.f July 23, 2024

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135(1) of the Companies Act, 2013, the requirements related to Corporate Social Responsibility (CSR) are not applicable to the Bank for the financial year 2024–25. Accordingly, the Bank is not mandated to incur any expenditure towards CSR activities under Section 135(5) of the Act during the said financial year.

A comprehensive CSR Policy has been formulated and remains in place. The policy is also available on the Bank's website for public access.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Bank has a Whistleblower Policy for informing any event fearlessly which goes against the Bank's values and ethical standards to a designated authority in the Bank. This Policy is intended to help Directors and employees of the Bank report major concerns over any wrongdoing within the Bank. The Company Secretary acts as the Vigilance Officer for the purpose of reporting, enforcing, and monitoring the Whistleblower Policy and procedures.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, no significant and material order was passed by the Regulators or Courts or Tribunals impacting the going concern status and Bank's operation in future.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to the material departures, if any.
- that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period.
- that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing & detecting fraud and other irregularities.
- that internal financial controls to be followed by the Bank are laid down and that such internal financial controls are adequate and were operating effectively.
- that they have prepared the annual accounts on a going concern basis; and
- that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Bank is in compliance with Secretarial Standards issued by the Institute of Company Secretaries of India.

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

a) Conservation of Energy, Technology absorption –

Pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3)(A) of the Companies (Accounts) Rules, 2014, the Bank has taken various initiatives towards conservation of energy. Key measures include:

- Adoption of energy-efficient practices across office premises.
- Encouragement of employee participation in energy-saving efforts.

The Bank remains committed to enhancing energy efficiency and adopting sustainable practices in its place of business.

b) Foreign Exchange earnings/outgo during the period under review

Earnings -- NIL

Outgo -- NIL

EXTRACT OF ANNUAL RETURN

Annual Return i.e., Form MGT-7 can be accessed on the Bank's website at the web-link: [https://nsdlbank.com/assets/layouts/pdf/AnnualReturnFY24-25\(MGT-7\).pdf](https://nsdlbank.com/assets/layouts/pdf/AnnualReturnFY24-25(MGT-7).pdf)

PARTICULARS OF EMPLOYEES

During the year under review, no employee has received remuneration either from the Bank, and/or its holding company more than the limits prescribed under Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

APPRECIATION

Your directors would like to place on record their sincere appreciation of the support provided by Reserve Bank of India, Ministry of Corporate Affairs, its bankers, and shareholders.

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 04, 2025

Dhananjaya Tambe
Chairman
DIN: 07260971

Abhijit M. Kamalapurkar
MD & CEO
DIN: 08849177



Annexure 1

[pursuant to Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014]

Details of Options granted during FY 2024-25 under Employee Stock Option Plan 2022

Sr No.	Particulars	ESOP 2022
1	Options granted	6,05,111
2	Options vested	2,09,021
3	Options exercised	NIL
4	The total number of shares arising as a result of exercise of option	NIL
5	Options lapsed	2,70,000
6	The exercise price	₹21.55
7	Variation of terms of options	NA
8	Money realised by exercise of options	NA
9	Total number of options in force	71,31,493
10	Employee wise details of options granted to:	
a.	key managerial personnel	6,05,111
b.	any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	NIL
c.	identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL

Annexure 2

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for the Financial Year Ended March 31, 2025

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
NSDL Payments Bank Limited
401, 4th Floor, Tower 3, One International Center,
Senapati Bapat Marg, Prabhadevi, Mumbai -400013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NSDL Payments Bank Limited** (hereinafter called '**the Bank**'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2025 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (**the Act**), and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (**Not applicable to the Bank during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable to the Bank during the Audit Period**)
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (**Not Applicable to the Bank during the Audit Period**)
 - c. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; (**Not Applicable to the Bank during the Audit Period**)
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable to the Bank during the Audit Period**)
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not Applicable to the Bank during the Audit Period**)
 - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (**Not Applicable to the Bank during the Audit Period**)
 - g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (**Not Applicable to the Bank during the Audit Period**)
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (**Not Applicable to the Bank during the Audit Period**)
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**Not Applicable to the Bank during the Audit Period**)



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (Not Applicable to the Bank during the Audit Period)

During the Audit Period under review, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

We further report that, having regard to the compliance system prevailing in the Bank and on test-check basis, the Bank has complied with the following applicable sector specific laws and circulars issued thereunder;

- a. Banking Regulation Act, 1949 to the extent applicable to the Payment Bank;
- b. Reserve Bank of India Act, 1934 read with applicable circulars/ notifications/guidelines, etc. issued by RBI from time to time; and
- c. The IRDAI (Registration of Corporate Agents) Regulations, 2015.

We further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period

under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (One Board meeting was convened at shorter notice for which necessary approvals were obtained as per applicable provisions). A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that the Bank is in process to strengthen its systems and processes commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For MMJB & Associates LLP

Company Secretaries
ICSI UIN: L2020MH006700
Peer Review Cert. No.: 2826/2022

Saurabh Agarwal

Designated Partner
FCS: 9290
CP: 20907
UDIN: F009290G000241931

Date: April 30, 2025
Place: Mumbai

** This report is to be read with our letter of event date which is annexed as Annexure 'A' and which forms an integral part of this report.*

Annexure 'A'

To,
The Members,
NSDL Payments Bank Limited
401, 4th Floor, Tower 3, One International Center,
Senapati Bapat Marg, Prabhadevi, Mumbai -400013.

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

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For MMJB & Associates LLP

Company Secretaries
ICSI UIN: L2020MH006700
Peer Review Cert. No.: 2826/2022

Saurabh Agarwal

Designated Partner
FCS: 9290
CP. 20907
UDIN: F009290G000241931

Date: April 30, 2025
Place: Mumbai



Independent Auditor's Report

To the Members of
NSDL Payments Bank Limited
Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of NSDL Payments Bank Limited ("the Bank"), which comprises the Balance Sheet as at March 31, 2025, the Profit and Loss account, the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2025, and its Profit, and its Cash flows for the year ended on that date.

Basis for Opinion

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

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 information in the graphical representation of financial highlights and Director's report but does not include the Financial Statements and our Auditor's report thereon. The

Director's report which is expected to be made available to us after the date of this audit report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the Financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibility relating to Other information'.

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 flow 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 Banking regulation Act, 1949 and the Circulars and guidelines issued by the Reserve Bank of India ("RBI") from time to time ("the RBI guidelines"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, 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 and 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.

Auditors' Responsibility for the Audit of Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue as 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. Misstatement 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 judgement and maintain professional scepticism 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 the basis of 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, misrepresentation, 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other legal and Regulatory requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) The transactions of the Bank, which have come to our notice during the course of audit, have been within the powers of the Bank;
 - c) Since the Bank is having only one branch and all operations of the Bank automated within the key applications integrated to the core banking systems, the audit is carried out centrally as all



the necessary records and data required for the purposes of our audit are available therein.

3. As required by the section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to be best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Financial statements comply with the Accounting standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 as amended, to the extent they are not inconsistent with the guidelines prescribed by the RBI;
 - e) There are no material observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the Bank;
 - f) On the basis of written representations received from the directors as on 31st March, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2025 from being appointed as a directors in terms of section 164(2) of the Act.
 - g) 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";
 - h) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 of the Act are not applicable to the Bank by virtue of section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under section 197(16) of the Act regarding payment / provision for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act, is not applicable.
- i) 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, we report as under:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its Financial Statements to the extent determinable/ascertainable. – Refer schedule 12 of the Financial statements
 - ii. The Bank did not have any long-term contract including derivatives contracts for which they were any material foreseeable losses
 - iii. The Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.
 - iv. 1) The Management has represented that, to the best of its knowledge and its belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the bank to or in any other person(s)/entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, 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;
 - 2) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any person(s)/entity(ies), including foreign entities ("Funding Parties"), that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - 3) Based on the audit procedures which we have considered reasonable and

appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement.

- v. The Bank has neither declared nor paid any dividend during the year.
- vi. Based on our examination which included test checks, the bank has used an accounting software for maintaining its book of account 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 audit trail feature being tampered with.

As Proviso to Rule 3(1) of the Companies (Accounts) Rule, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audits and Auditors) Rule, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2025.

For **K GOPAL RAO & CO**
Chartered Accountants
FRN:000956S

Place: Mumbai
Date: April 30, 2025
UDIN: 25211784BMIPJ5859

CA Madan Gopal Narayanan
Partner
M.No:211784



Annexure A to the Independent Auditor's Report

[Reference to paragraph 9(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

Report on the financial controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of NSDL Payments Bank Limited ('the Bank') as at March 31, 2025 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 Accountant 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 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 financial statements based on our audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial control over Financial Reporting ("the Guidance Note") and the Standards on Auditing, issued by ICAI, prescribed under section 143(10) of the Act, to the extent applicable to an audit on Internal Financial Controls with reference to financial statements. 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 financial statements were established and maintained and whether 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 Financial statements and their operating effectiveness. Our audit of internal financial

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

A Bank's internal financial control with reference to 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 control with reference to 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 asset of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to 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 internal financial controls with reference to financial statements to further period or subject to the risk that the internal financial control with reference to

financial statements may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2025, based on the internal control with reference to financial statements 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 issued by the ICAI.

For **K GOPAL RAO & CO**
Chartered Accountants
FRN:000956S

Place: Mumbai
Date: April 30, 2025
UDIN: 25211784BMIPJ5859

CA Madan Gopal Narayanan
Partner
M.No: 211784



Balance Sheet

as at March 31, 2025

(₹ in Lakhs)

	Schedule No.	As at March 31, 2025	As at March 31, 2024
CAPITAL & LIABILITIES			
Capital	1	18,000.00	18,000.00
Employee Stock options outstanding		72.43	52.03
Reserves and Surplus	2	(3,253.88)	(3,434.62)
Deposits	3	17,886.83	5,933.82
Borrowings	4	-	-
Other Liabilities and Provisions	5	18,851.59	12,760.74
TOTAL		51,556.97	33,311.97
ASSETS			
Cash and Balances with Reserve Bank of India	6	9,088.98	8,309.81
Balances with banks and money at call and short notice	7	6,408.63	3,101.83
Investments	8	25,552.05	14,988.37
Advances	9	-	-
Fixed Assets	10	2,737.81	2,290.00
Other Assets	11	7,769.50	4,621.96
TOTAL		51,556.97	33,311.97
Contingent Liabilities	12	25.00	25.00
Bills for Collection		-	-
Significant Accounting Policies	18		
Notes To Accounts	19		

The Schedules referred to above form an integral part of the Balance Sheet

The Balance Sheet has been prepared in conformity with Form "A" of the Third schedule to the Banking Regulation Act, 1949

As per our report of even date

For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

For and on behalf of the Board of Directors of
NSDL Payments Bank Limited
CIN: U65900MH2016PLC284869

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
DIN: 00311538

Vijay Chandok
Director
DIN: 01545262

Place: Mumbai
Date: April 30, 2025

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Harsh Kamdar
Chief Financial Officer
M.No. 177727

Gautam Goswami
Company Secretary
M.No. A48726

Profit and Loss Account

for the year ended March 31, 2025

(₹ in Lakhs)

Particulars	Schedule No.	For the year ended March 31, 2025	For the year ended March 31, 2024
I INCOME			
Interest Earned	13	1,822.27	1,175.22
Other Income	14	70,335.61	70,794.18
TOTAL		72,157.88	71,969.40
II EXPENDITURE			
Interest Expended	15	312.99	83.10
Operating Expenses	16	71,670.60	71,686.49
Provisions and Contingencies	17	(5.93)	28.67
TOTAL		71,977.66	71,798.26
III PROFIT/LOSS			
Net Profit / (Loss) for the year		180.22	171.14
Profit brought forward		(3,808.13)	(3,808.13)
TOTAL		(3,627.91)	(3,636.99)
IV APPROPRIATIONS			
Transfer to Statutory Reserve		45.05	42.79
Transfer to Investment Fluctuation Reserve		135.17	128.35
Balance carried over to Balance Sheet		(3,808.13)	(3,808.13)
TOTAL		(3,627.91)	(3,636.99)
Earnings per equity share (face value ₹ 10 each)	19 (2.7)		
- Basic (₹)		0.10	0.10
- Diluted (₹)		0.10	0.10
Significant Accounting Policies	18		
Notes To Accounts	19		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

For and on behalf of the Board of Directors of
NSDL Payments Bank Limited
CIN: U65900MH2016PLC284869

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
DIN: 00311538

Vijay Chandok
Director
DIN: 01545262

Place: Mumbai
Date: April 30, 2025

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Harsh Kamdar
Chief Financial Officer
M.No. 177727

Gautam Goswami
Company Secretary
M.No. A48726



Cash Flow Statement

for the year ended March 31, 2025

(₹ in Lakhs)

Particulars	For the Year Ended March 31, 2025	For the Year Ended March 31, 2024
I Cash Flow from Operating Activities		
Net profit for the year (before taxes)	180.22	171.14
Adjustments for:		
Add/ (Less) : Non-cash expenditure/ income		
- (Discount)/ premium on government securities amortised	(1.64)	-
- Provision for bad and doubtful debts	(5.93)	28.67
- Depreciation	621.16	426.46
- Stock based compensation cost	20.40	39.06
Cash Flow before Changes in Working Capital	814.21	665.33
Adjustments for working capital changes		
- Deposits	11,953.01	3,761.02
- Other Liabilities	6,096.78	(9,879.56)
- Other Assets	(3,070.36)	(869.44)
- Direct Taxes (Net)	(77.18)	(55.46)
- (Increase)/Decrease in AFS Investments	(10,561.52)	(573.66)
Cash generated from Operating Activities	5,154.94	(6,951.77)
II Cash Flow from Investing Activities		
Addition to Other Fixed Assets	(1,171.57)	(1,303.60)
(Addition)/Deletion to Capital Work in Progress	102.60	(110.50)
Cash generated from Investing Activities	(1,068.97)	(1,414.10)
III Cash Flow from Financing Activities		
Proceeds of share issue	-	-
Cash generated from financing Activities	-	-
IV Increase/ (decrease) during the year	4,085.97	(8,365.87)
V Opening Cash and Cash Equivalents	11,386.64	19,752.51
VI Closing Cash and Cash Equivalents	15,472.61	11,386.64
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following:		
(i) Cash and Balances with Reserve Bank of India (Refer Schedule 6)	9,088.98	8,309.81
(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	6,408.63	3,101.83
(iii) Less: Lien on Fixed Deposits	25.00	25.00
Cash and cash equivalents at the end of the year	15,472.61	11,386.64

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks (including Fixed deposits) and money at call and short notice.

Figures in brackets indicate cash outflow.

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

For and on behalf of the Board of Directors of
NSDL Payments Bank Limited
CIN: U65900MH2016PLC284869

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
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Vijay Chandok
Director
DIN: 01545262

Place: Mumbai
Date: April 30, 2025

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Harsh Kamdar
Chief Financial Officer
M.No. 177727

Gautam Goswami
Company Secretary
M.No. A48726

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 1 - CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Authorised Capital		
20,00,00,000 (PY 20,00,00,000) Ordinary Shares of ₹ 10/- each	20,000.00	20,000.00
Issued, Subscribed & Paid-up		
18,00,00,000 (PY 18,00,00,000) Ordinary Shares of ₹ 10/- each	18,000.00	18,000.00
TOTAL	18,000.00	18,000.00

SCHEDULE 2 - RESERVES & SURPLUS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Statutory Reserve		
(i) Opening Balance	245.16	202.37
(ii) Addition during the year	45.05	42.79
(iii) Deduction during the year	-	-
Total	290.21	245.16
2. Investment Fluctuation Reserve		
(i) Opening Balance	128.35	-
(ii) Addition during the year	135.17	128.35
(iii) Drawdown during the year	-	-
Total	263.52	128.35
3. General Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	0.28	-
(iii) Deduction during the year	-	-
Total	0.28	-
4. AFS Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	0.24	-
(iii) Transferred to Profit & Loss Account during the year	-	-
Total	0.24	-
5. Balance in Profit & Loss Account	(3,808.13)	(3,808.13)
TOTAL	(3,253.88)	(3,434.62)

SCHEDULE 3 - DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
A. 1. Demand Deposits		
i) From Banks (Note-1)	103.29	151.65
ii) From Others	757.82	783.70
Total	861.11	935.35



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 3 - DEPOSITS (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
2. Savings Bank Deposits	17,025.72	4,998.47
3. Term Deposits		
i) From Banks	-	-
ii) From Others	-	-
Total	-	-
TOTAL	17,886.83	5,933.82
B. i. Deposits of Branches in India	17,886.83	5,933.82
ii. Deposits of Branches outside India	-	-
TOTAL	17,886.83	5,933.82

Note-1: represents balance maintained with other bank to enable sweep out facility above regulatory threshold limit

SCHEDULE 4 - BORROWINGS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Subordinated debt	-	-
Total	-	-

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Bills Payable	-	-
2. Inter Office Adjustments (Net)	-	-
3. Interest Accrued	-	-
4. Others (Including Provisions)	18,851.59	12,760.74
TOTAL	18,851.59	12,760.74

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Cash in hand	-	-
2. Balances with Reserve Bank of India		
(i) In Current Account	5,253.10	3,591.97
(ii) In Other Accounts	3,835.88	4,717.84
TOTAL	9,088.98	8,309.81

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 7 – BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. In India		
(i) Balances with Banks		
a) In Current Accounts	104.78	126.83
b) In other Deposit Accounts	5,304.45	2,975.00
(ii) Money at Call and Short Notice		
a) With Banks	-	-
b) With Other Institutions	999.40	-
Total	6,408.63	3,101.83
2. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	-	-
TOTAL	6,408.63	3,101.83

SCHEDULE 8 – INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Investments in India (Gross)	25,552.05	14,988.37
Less – Provision for depreciation	-	-
Total	25,552.05	14,988.37
Investments in India in -		
(i) Government Securities	25,552.05	14,988.37
(ii) Other Approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures & Bonds	-	-
(v) Subsidiaries and / or Joint Venture	-	-
(vi) Others	-	-
Total	25,552.05	14,988.37
2. Investments Outside India		
(i) Government Securities	-	-
(ii) Subsidiaries and / or Joint Venture	-	-
(iii) Others	-	-
Total	-	-
TOTAL	25,552.05	14,988.37



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 9 – ADVANCES

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
A. (i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	-	-
(iii) Term Loans	-	-
Total	-	-
B. (i) Secured by Tangible Assets	-	-
(ii) Covered by Bank/Government Guarantees	-	-
(iii) Unsecured	-	-
Total	-	-
C.1 Advances in India		
(i) Priority Sector	-	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
Total	-	-
C.2 Advances Outside India	-	-
Total	-	-
TOTAL	-	-

SCHEDULE 10 – FIXED ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Premises		
(i) At cost at March 31 of the preceding year	-	-
(ii) Additions during the year	-	-
(iii) Deductions during the year	-	-
(iv) Accumulated Depreciation to date	-	-
Total	-	-
2. Other Fixed Assets		
(i) At cost at March 31 of the preceding year	4,060.17	2,768.09
(ii) Additions during the year	1,171.57	1,303.60
(iii) Deductions during the year	-	(11.52)
(iv) Accumulated Depreciation to date	(2,700.87)	(2,079.71)
Total	2,530.87	1,980.46
3. Capital Work in Progress	206.94	309.54
TOTAL (1+2+3)	2,737.81	2,290.00

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 11 – OTHER ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Inter-Office Adjustment (Net)	-	-
2. Interest Accrued	1,064.17	544.79
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	217.69	140.51
4. Stationery and Stamps	-	-
5. Deferred Tax Assets (Net)	-	-
6. Others	6,487.64	3,936.66
TOTAL	7,769.50	4,621.96

SCHEDULE 12 – CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
1. Claims against the bank not acknowledged as debts	-	-
2. Liability on Account of Outstanding Forward Exchange contracts	-	-
3. Liability on Account of Outstanding Derivative Contracts	-	-
i) Interest rate, Currency Swaps, Forward Rate Agreements & IRF	-	-
ii) Foreign currency options	-	-
4. Guarantees given on behalf of constituents	-	-
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, Endorsements and other Obligations	-	-
7. Other items for which the bank is contingently liable	-	-
(i) Income tax & other matters (under appeal)	-	-
(ii) Others	-	-
(a) Capital Commitment	-	-
(b) Bank Guarantee issued by other Bank on our behalf	25.00	25.00
TOTAL	25.00	25.00

SCHEDULE 13 – INTEREST EARNED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Interest / Discount on Advances / bills	-	-
2. Income on Investments	1,443.16	930.14
3. Interest on balance with RBI and Other Inter bank funds	331.55	196.90
4. Others	47.56	48.18
TOTAL	1,822.27	1,175.22

SCHEDULE 14 – OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Commission, Exchange and Brokerage	70,232.46	70,795.90
2. Profit on sale of Investments (Net)	5.77	0.80
3. Profit on exchange transactions (Net)	(2.41)	(2.52)
4. Miscellaneous Income	99.79	-
TOTAL	70,335.61	70,794.18



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 15 – INTEREST EXPENDED

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Interest on Deposits	275.67	64.26
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	-	-
3. Others	37.32	18.84
TOTAL	312.99	83.10

SCHEDULE 16 – OPERATING EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Payments to and provisions for employees	2,945.98	2,345.80
2. Rent, taxes and lighting	205.71	201.18
3. Printing and stationery	2.41	2.32
4. Advertisement and publicity	11.31	-
5. Depreciation on banks property	621.16	426.46
6. Director's fees Allowances and expenses	64.40	72.00
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	29.37	36.70
8. Law Charges	-	-
9. Postage, Telegrams, Telephones, etc.	31.44	10.17
10. Repairs and maintenance	868.70	669.49
11. Insurance	105.90	75.94
12. Other Expenditure	66,784.22	67,846.43
TOTAL	71,670.60	71,686.49

SCHEDULE 17 – Provisions and Contingencies

(₹ in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Provision for bad and doubtful debts	(5.93)	28.67
2. Intangible Assets under development / Assets written off	-	-
TOTAL	(5.93)	28.67

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 18 Significant Accounting Policies

1. Background

NSDL Payments Bank Limited ('the Bank') was incorporated on August 17, 2016 under the Companies Act, 2013. The Bank is primarily engaged in the business of

- (a) Accepting demand deposits in the form of savings bank deposits,
- (b) To provide payment/ remittance/recharge services through its mobile application,
- (c) Issue of debit cards for point of sale/Ecommerce and ATM transactions,
- (d) Accepting demand deposits in the form of current account deposits,
- (e) Offering domestic money transfer, Aadhar enabled payment services, Micro ATM transactions through Business Correspondents
- (f) Offering mutual fund investment services through mobile app,
- (g) Offering Bank verification services for corporate brokers,

The RBI has granted license to carry on payments bank business in India, under Section 22(1) of Banking Regulation Act, 1949 subject to terms and conditions mentioned vide their letter dated March 30, 2017. Thus, the Bank commenced banking business on October 29, 2018.

2. Basis of preparation

2.1 The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except otherwise stated in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Rules, 2021 to the extent applicable and as amended practices generally prevalent in the banking industry in India.

The financial statements are presented in Indian Rupees ("Rupees" or "Rs." and all amounts are rounded off to the nearest lakhs except as stated otherwise). The Notes to Accounts under Schedule 19 are rounded off to the nearest crores.

2.2 Use of estimates

The preparation of the financial statements requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, revenues and expenses during the reporting period and disclosure of contingent liabilities at the date of the financial statements. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

3. Investments

3.1 Classification

In accordance with the RBI guidelines on investments classification and valuation, investments are classified at the time of purchase as:

- Held For Trading (HFT)
- Available For Sale (AFS)
- Held To Maturity (HTM)



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

However, for disclosure in the Balance Sheet, investments in India are classified under six categories-

- Government Securities,
- Other approved securities,
- Shares,
- Debentures and Bonds,
- Investment in Subsidiaries/Joint Ventures
- Others (mutual fund units, certificate of deposit/commercial paper, etc.)

Classification Principles

a) Held to Maturity (HTM)

Investments are classified under HTM when:

- They are acquired with the intention of holding until maturity to collect contractual cash flows; and
- Their contractual terms result in cash flows solely representing payments of principal and interest on specified dates ("SPPI criterion").

b) Available for Sale (AFS)

Investments are classified under AFS when:

- They are held with an objective both to collect contractual cash flows and to sell the securities; and
- They satisfy the SPPI criterion.

Additionally, the Bank may irrevocably elect to classify an equity instrument under AFS (provided it is not held for trading purposes) at initial recognition.

AFS includes, inter alia, debt securities held for Asset-Liability Management (ALM) purposes where the Bank's intent is flexible with respect to holding or selling before maturity.

c) Fair Value through Profit and Loss (FVTPL)

Investments that do not qualify for HTM or AFS are classified under FVTPL. These include:

- Equity shares (excluding investments in subsidiaries, associates, or joint ventures and equity shares elected to be classified under AFS).
- Investments in Mutual Funds, Alternative Investment Funds (AIFs), Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), etc.
- Investments in securitisation equity tranches.
- Bonds, debentures, or similar instruments where payments are linked to an equity index or other non-interest benchmarks.
- Instruments with features rendering them ineligible for HTM/AFS classification, as detailed above.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

d) Held for Trading (HFT)

Within the FVTPL category, a distinct sub-category called Held for Trading (HFT) is maintained for investments intended to be actively traded. The classification criteria and operational guidelines for HFT are in line with the requirements laid down in Annex I of the RBI Master Direction.

e) Investments in Subsidiaries, Associates, and Joint Ventures

Investments in subsidiaries, associates, and joint ventures are classified under a separate sui generis category, distinct from HTM, AFS, and FVTPL.

3.2 Initial Recognition of Investments

The Bank follows the principles laid down in Chapter IV of the Reserve Bank of India's Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (2023) for the initial recognition of its investments. The key policies are set out below:

a) Measurement at Initial Recognition

All investments are measured at fair value on initial recognition.

In the normal course, unless specific facts and circumstances suggest otherwise, it is presumed that the acquisition cost represents the fair value of the investment.

3.3 Investments – Subsequent Measurement

The Bank's policy for subsequent measurement of investments, after initial recognition, is aligned with the Reserve Bank of India's Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (2023). The key principles followed are outlined below:

a) Held to Maturity (HTM)

- Carrying Value:

Investments classified under HTM are carried at amortised cost after initial recognition. They are not marked to market subsequently.

- Amortisation of Discount/Premium:

Any discount or premium on the acquisition of securities held under HTM is amortised over the residual life of the security. The amortised amount is recorded under Schedule 13: 'Interest Earned', item II 'Income on Investments', with a corresponding adjustment under Schedule 8: 'Investments'.

b) Available for Sale (AFS)

- Fair Valuation:

Investments classified under AFS are fair valued quarterly, or more frequently if required.

- Amortisation of Discount/Premium:

Any discount or premium on acquisition of debt securities classified under AFS is amortised over the remaining maturity of the security. The amortised portion is recognized under Schedule 13: 'Interest Earned', item II 'Income on Investments', with a contra adjustment under Schedule 8: 'Investments'.

- Recognition of Valuation Gains and Losses:

Valuation gains and losses across all performing AFS investments (across asset classes such as Government securities, Other approved securities, Bonds, Debentures, etc.) are aggregated. The net appreciation or depreciation is directly adjusted to a reserve termed AFS-Reserve without routing through the Profit and Loss Account.

- Realisation of Gains and Losses:



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

Upon sale or maturity of a debt instrument classified under AFS, the related accumulated gain or loss recognized in the AFS-Reserve is transferred to the Profit and Loss Account under item II "Profit on sale of investments" within Schedule 14: 'Other Income'. In the case of equity instruments designated under AFS at initial recognition, any gain or loss on sale is transferred from AFS-Reserve to Capital Reserve and not routed through the Profit and Loss Account.

3.4 Reclassifications between categories

Investments – Reclassification Between Categories:

- In accordance with the Reserve Bank of India's Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (2023), investments classified under Held to Maturity (HTM), Available for Sale (AFS), and Fair Value Through Profit and Loss (FVTPL) are generally not subject to reclassification after the transition to the new framework.
- Any reclassification of investments between the categories of HTM, AFS, and FVTPL shall:
 - o Require prior approval of the Board of Directors of the Bank; and
 - o Be subject to prior approval from the Department of Supervision (DoS), Reserve Bank of India.
- Any reclassification, once approved, shall be applied prospectively from the date of reclassification.
- When a bank reclassifies investments from one category to another category, the accounting treatment shall be as given in the master direction by RBI.

3.5 Disposal of Investments

Profit/Loss on sale of investments under the aforesaid three categories are taken to Profit/Loss account. The profit from sale of investments under HTM category if any, net of taxes and transfers to Statutory Reserve is subsequently appropriated to "Capital Reserve".

4. Deposits

As per the Operating guidelines, payments banks (PBs) can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 2 lakhs from April 7, 2021 by RBI as against the previous limit of Rs. 1 lakh. PBs are permitted for making arrangements with any other Scheduled Commercial Bank / Small Finance Bank, for amounts in excess of the prescribed limits, to be swept into an account opened for the customer at that bank, with the prior written consent of the customer.

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

5. Fixed assets (including intangible assets) and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes initial handling and delivery charges, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Capital work-in-progress includes cost of assets under development that are not ready for their intended use and reflects advances paid to acquire those assets, vendor payments made towards the development of the asset directly attributable towards development of intangible assets.

Intangible assets with finite useful lives are carried at cost and are amortised on a straight-line basis over their estimated useful life and charged to Profit and Loss Account.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

Fixed assets having value of Rs.5,000/- or less are fully depreciated in the year of purchase.

Depreciation is provided over the estimated useful life of a fixed asset as prescribed in Schedule II to the Companies Act, 2013 on the straight-line method from the date of addition.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Bank.

Such classes of assets and their estimated useful lives are as under:

Asset	Estimated Useful Life
Office equipments	5 years
Computers and laptops	3 years
Servers and networking equipments	6 years
Application Software	5 years
Furniture & Fixture	10 years
Electrical Installation and equipments	10 years
Lease Hold Improvements	Over the period of lease

6. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date to ascertain 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 asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An impairment is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

7. Transactions involving foreign exchange

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities of domestic operations are translated at closing exchange rates notified by Foreign Exchange Dealers' Association of India (FEDAI) relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account.

8. Revenue recognition

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

Investing and other activities

Income on account of interest and other activities are recognised on an accrual basis. Interest income on discounted instruments is recognised over the tenure of the instruments so as to provide a constant periodic rate of return. Interest income is recognised in accordance with AS-9, Revenue Recognition on time proportion basis.

Other Revenues

Service revenue is recognised on completion of provision of services. Revenue is recognised on transfer of all significant risks and rewards, reasonable right of recovery is established and when no significant uncertainty exists regarding realisation of consideration. The Bank recognises non-refundable (i.e. without clawback) affiliation income/one time integration income upfront on accrual basis, on business tie ups with partners, in the event of signing of the business agreement or on acceptance of the commercial terms.



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

Minimum balance charges recovery on deposit accounts are recognised on realisation basis. All other fees/commission is accounted for as and when they become due.

9. Employee Benefits

The Bank's post-employment benefits include defined benefit plan and defined contribution plans. The Bank also provides other benefits in the form of compensated absences, by way of privilege leave and sick leave.

Defined Benefit Plans:

Gratuity:

Under the defined benefit plan, the Bank provides retirement obligation in the form of gratuity. In terms of the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Bank. Gratuity liability is defined benefit obligation and is provided on the basis of actuarial valuation based on projected unit credit method made at the end of each financial year. The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by identified insurer for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although insurer administers the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank.

For defined benefit plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the balance sheet. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of balance sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. All expenses in respect of defined benefit plans, including actuarial gains and losses, are recognised as a part of salary cost.

Compensated Absences:

The employees of the Bank are entitled to compensated absences based on the un-availed leave balance as well as other long-term benefits. The Bank records liability based on actuarial valuation computed under projected unit credit method.

Compensated absences by way of privilege leave and sick leave are provided for based on estimates of encashment/availment of leave. The Bank provides for the compensated absences based on actuarial valuation as per projected unit credit method conducted by an independent actuary. Actuarial gains/losses are considered as a part of salary cost and included in capital work in progress.

Defined Contribution Plan:

The Bank's contributions to defined contribution plans are recognised as a part of salary cost as they fall due. The Bank has no further obligations under these plans beyond its periodic contributions. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits.

Employee Stock Option Scheme

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting

for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Bank measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

10. Leases

Finance Lease:

Lease contracts where substantially all the risks and rewards incidental ownership has been transferred to the Bank are classified as Finance Lease.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

Finance Lease is capitalized at the inception of the lease at fair value of the leased property or present value of minimum lease payments, whichever is lower and corresponding rental obligation with finance costs are included in other Financial Liability. Lease payments are apportioned between finance cost and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss. A leased asset is depreciated over lower of the useful life of the asset or period of lease term.

Operating Lease:

Leases where the lessor transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease and other leases are classified as operating lease.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

11. Income tax

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. Deferred income taxes reflect 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 assets against liabilities representing current tax 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 realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon the Management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future profits.

At each balance sheet date, unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably or virtually certain, as the case may be, that future taxable income will be available against which such deferred tax assets can be realised.

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

12. Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

13. Earnings Per Share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings Per Share. Basic earnings per share is computed by dividing the net profit/ (loss) after tax by the weighted average number of equity shares outstanding for the year.



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end except where the results are anti-dilutive.

14. Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS-29 relating to Provisions, Contingent Liabilities and Contingent Assets; a provision is recognised when the Bank has a present obligation as a result of past event where 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 its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

No provision is recognised and a disclosure of contingent liability is made when there is:

- A possible obligation arising from a past event, the existence of which will be confirmed by occurrence of one or more uncertain future events not within the control of the Bank; or
- A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingent assets are not recognised in the financial statements.

15. Provision for bad and doubtful debts

The Bank creates provision against all receivables outstanding in a progressive manner. Receivable for more than one year where recovery is considered doubtful is fully provided.

16. Cash and cash equivalents

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

17. Cash flow Statements

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

SCHEDULE 19 - NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Statutory disclosures as per RBI

1.1 Capital Adequacy

Capital Adequacy Ratio as per RBI guidelines on Basel I Capital Regulations is detailed below

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Common Equity Tier-1 capital	130.65	131.71
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	130.65	131.71
iv) Tier 2 capital (%)	-	-
v) Total capital (Tier 1+Tier 2)	130.65	131.71
vi) Total Risk Weighted Assets (RWAs) (₹ in crores)	91.66	56.28
vii) CET 1 Ratio (CET 1 as a percentage of RWAs)/ Paid Up share capital and reserves as percentage of RWAs(%)	142.53%	234.00%
viii) Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	142.53%	234.00%
ix) Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	-	-
x) Capital to Risk Weighted Assets Ratio (CRAR) (%)	142.53%	234.00%
xi) Leverage Ratio (%)	32.35%	51.50%
xii) Percentage of the shareholding of		
a) Government of India	-	-
b) State Government	-	-
xiii) Amount of paid-up equity capital raised during the year	-	-
xiv) Amount of non-equity Tier 1 capital raised during the year, of which:	-	-
a) Non-Cumulative Preference Shares (PNCPS)	-	-
b) Debt Instruments (PDI)	-	-
xv) Amount of Tier 2 capital raised during the year, of which:	-	-
a) Debt capital instruments:	-	-
b) Preference Shares (PCPS) / Redeemable Non-Cumulative Shares (PCPS) /Perpetual Debt Instrument/ Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.2 Investments

Composition of Investment Portfolio as at March 31, 2025

(₹ in crores)

	Investments in India						Investments outside India				Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Investments outside India
Held to Maturity												
Gross	5.18	-	-	-	-	-	5.18	-	-	-	-	5.18
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	5.18	-	-	-	-	-	5.18	-	-	-	-	5.18
Available for Sale												
Gross	250.34	-	-	-	-	-	250.34	-	-	-	-	250.34
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	250.34	-	-	-	-	-	250.34	-	-	-	-	250.34
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	255.52	-	-	-	-	-	255.52	-	-	-	-	255.52
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	255.52	-	-	-	-	-	255.52	-	-	-	-	255.52

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.2 Investments (Contd.)

Composition of Investment Portfolio as at March 31, 2024:

(₹ in crores)

	Investments in India						Investments outside India				Total Investments	
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Investments outside India
Held to Maturity												
Gross	4.97	-	-	-	-	-	4.97	-	-	-	-	4.97
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	4.97	-	-	-	-	-	4.97	-	-	-	-	4.97
Available for Sale												
Gross	144.91	-	-	-	-	-	144.91	-	-	-	-	144.91
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	144.91	-	-	-	-	-	144.91	-	-	-	-	144.91
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	149.88	-	-	-	-	-	149.88	-	-	-	-	149.88
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	149.88	-	-	-	-	-	149.88	-	-	-	-	149.88



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.2 Investments (Contd.)

Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crores)

Particulars	As at	As at
	March 31, 2025	March 31, 2024
i) Movement of provisions held towards depreciation on investments		
a) Opening balance	-	-
b) Add: Provisions made during the year	-	-
c) Less: Write off / write back of excess provisions during the year	-	-
d) Closing balance	-	-
ii) Movement of Investment Fluctuation Reserve (IFR)		
a) Opening balance	1.28	1.28
b) Add: Amount transferred during the year	1.35	-
c) Less: Drawdown	-	-
d) Closing balance	2.63	1.28
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	1.06%	0.88%

1.3 Repo/Reverse Repo Transactions (in Face Value terms)

The details relating to repo/ reverse repo transactions (in face value terms) are as follows:

(₹ in crores)

	For the year ended March 31, 2025							
	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year*		Outstanding as on March 31, 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
a) Securities sold under repo								
Government securities	-	-	-	-	-	-	-	-
Corporate debt securities	-	-	-	-	-	-	-	-
Any other securities	-	-	-	-	-	-	-	-
b) Securities purchased under reverse repo								
Government securities								
Corporate debt securities	3.00	3.00	20.00	20.00	6.40	6.40	9.99	9.99
Any other securities	-	-	-	-	-	-	-	-

(₹ in crores)

	For the year ended March 31, 2024							
	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year*		Outstanding as on March 31, 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
a) Securities sold under repo								
Government securities	-	-	-	-	-	-	-	-
Corporate debt securities	-	-	-	-	-	-	-	-
Any other securities	-	-	-	-	-	-	-	-
b) Securities purchased under reverse repo								
Government securities								
Corporate debt securities	5.00	5.00	15.00	15.00	6.78	6.78	-	-
Any other securities	-	-	-	-	-	-	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.4 Non SLR Investment Portfolio

Issuer composition of Non SLR investments are as follows:

Sr. No.	Issuer	For the year ended March 31, 2025				
		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 Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	-	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii – viii)	-	-	-	-	-

Sr. No.	Issuer	For the year ended March 31, 2024				
		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 Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	-	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii – viii)	-	-	-	-	-

1.5 Non-Performing Non-SLR investments

The Bank does not have any non-performing investments during the year 2024-25 ("Nil" during the year 2023-24).

1.6 Sale and transfers to/from HTM category

The Bank did not sell or transfer any investments to / from HTM category during the year 2024-25 ("Nil" during the year 2023-24).

1.7 Derivatives

The bank has not entered into any derivative transactions (Forward Rate Agreement/ Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during the year 2024-25. ('Nil' during the year 2023-24) Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

1.8 Asset Quality

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



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.9 Business Ratios

Particulars	As at March 31, 2025	As at March 31, 2024
i) Interest Income as a percentage to Working Funds (refer note 1 below)	4.31%	3.92%
ii) Non-interest income as a percentage to Working Funds (refer note 1 below)	167.07%	237.07%
iii) Cost of Deposits	2.50%	2.56%
iv) Net Interest Margin (refer note 2 below)	5.99%	6.71%
v) Operating Profit as a percentage to Working Funds (refer note 3 below)	0.41%	0.67%
vi) Return on Assets (refer note 3 below)	0.43%	0.57%
vii) Business deposits per employee (₹ in crores) (refer note 4 below)	0.89	0.39
viii) Profit per employee (₹ in crores)	0.01	0.01

Note 1: Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X for Commercial Banks and Form IX for UCBs, during the 12 months of the financial year.

Note 2: Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense. Average earning assets to be reckoned as fortnightly average of interest earning assets reported in Form A

Note 3: Return on Assets would be with reference to average working funds (i.e., total of assets excluding accumulated losses, if any).

Note 4: For the purpose of computation of business per employee (deposits plus advances), inter-bank deposits shall be excluded.

1.10 Asset Liability Management

Maturity pattern of certain items of assets and liabilities are as follows:

(₹ in crores)

Maturity Bucket	As at March 31, 2025					
	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	6.46	-	-	-	-	-
2 to 7 days	7.19	-	14.82	-	-	-
8 to 14 days	1.85	-	4.83	-	-	-
15 to 30 days	-	-	26.04	-	-	-
Days 31 to 2 months	0.91	-	28.93	-	-	-
Over 2 months to 3 months	0.45	-	28.84	-	-	-
Over 3 months to 6 months	15.32	-	81.14	-	-	-
Over 6 months to 1 year	56.18	-	65.74	-	-	-
Over 1 year to 3 years	90.51	-	0.20	-	-	-
Over 3 years to 5 years	-	-	4.98	-	-	-
Over 5 years	-	-	-	-	-	-
Total	178.87	-	255.52	-	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

1.10 Asset Liability Management (Contd.)

(₹ in crores)

Maturity Bucket	As at March 31, 2024					
	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	8.42	-	-	-	-	-
2 to 7 days	5.42	-	9.93	-	-	-
8 to 14 days	2.00	-	-	-	-	-
15 to 30 days	1.50	-	4.85	-	-	-
Days 31 to 2 months	5.00	-	4.76	-	-	-
Over 2 months to 3 months	4.00	-	7.49	-	-	-
Over 3 months to 6 months	11.00	-	52.31	-	-	-
Over 6 months to 1 year	11.00	-	65.57	-	-	-
Over 1 year to 3 years	11.00	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	4.97	-	-	-
Total	59.34	-	149.88	-	-	-

1.11 Exposures

i) Sensitive Sectors

The Bank has not entered any transactions related to capital market and real estate sector during the year 2024-25 and 2023-24.

- ii) As per the RBI guidelines issued by RBI for licensing of Payments Bank; the payments bank are not allowed to give any advance or lend to any person including their directors. Therefore, the disclosure required in respect to exposure to real estate sector, capital market, category wise country risk, single and group borrower limits and unsecured advances are not applicable to payments bank.

1.12 Disclosure of penalties imposed by RBI

No Penalty has been imposed by RBI during the year 2024-25 ("Nil" during the year 2023-24).

2. Disclosure Requirements as per Accounting Standards

2.1 Accounting Standard 15 - Employee Benefits

i) Leave Encashment

The actuarially determined liability for Compensated Absences (Privilege Leave) of the employees of the Bank is given below:

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision as at date (Unfunded)	0.93	0.75

ii) Provident Fund

The Company's contribution to the Employee Provident Fund is given below:

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2025
Employer's contribution during the year	0.95	0.76



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

2.1 Accounting Standard 15 - Employee Benefits (Contd.)

iii) Gratuity

The following tables give the disclosure regarding the Gratuity Scheme in accordance with the Accounting Standard 15 (Revised):

a) Change in defined benefit obligation during the year

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Defined benefit obligation at the beginning of the year	0.58	0.47
Service cost	0.17	0.15
Interest cost	0.04	0.03
Actuarial losses/(gains)	0.17	(0.06)
Benefit payments	(0.02)	(0.01)
Defined benefit obligation at the end of the year	0.94	0.58

b) Change in the fair value of plan assets during the year

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Fair value of plan assets at the beginning of the year	0.56	0.50
Expected Return on Plan Assets	0.04	0.03
Contributions by the Bank	0.24	0.05
Actuarial Gain/ (Loss) recognised during the year	0.03	(0.00)*
Benefit paid	(0.02)	(0.02)
Fair value of plan assets at the end of the year	0.85	0.56

c) Amount recognised in Balance Sheet

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of defined benefit obligation at the end of the year	(0.94)	(0.58)
Fair value of plan assets at the end of the year	0.85	0.56
Funded status ((surplus)/ deficit)	(0.09)	(0.02)
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(0.09)	(0.02)

d) Net employee benefit expenses (recognised in payments to and provisions for employees) in Profit and Loss account

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2025
Current service cost	0.17	0.15
Net Interest Cost	-	-
Net Actuarial Losses/(Gains) recognised in the year	0.18	(0.05)
Total included in "Employee Benefit Expense" [Schedule 16(l)]	0.35	0.10

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

2.1 Accounting Standard 15 - Employee Benefits (Contd.)

e) Experience adjustment is as follows:

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2025
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.17	(0.06)
Actuarial (Gains)/Losses on Plan Assets - Due to Experience	0.03	(0.00)*

f) The principal actuarial assumptions used as at the Balance Sheet date are as follows:

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Salary escalations	8.00%	8.00%
Discount rate	6.55%	7.18%
Attrition rate	20.00%	20.00%
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

The above assumptions are considered for determining actuarial liability under Gratuity and Leave Encashment. Liability towards Leave Encashment is non-funded.

'0*' denotes the amount less than ₹ Fifty thousand.

2.2 Accounting Standard 17 – Segment Reporting

i) The Bank has classified its business into the following segments, namely:

- Treasury – primarily comprising investments in Treasury Bills, Mutual Funds, Deposit with Banks.
- Other Banking Operations - comprising business activities like accepting deposits, offering domestic money transfer and other services includes business correspondent services, MATM & AEPS etc.

(₹ in crores)

	For the year ended March 31, 2025		
	Treasury	Other Banking Operation	Total
Revenue	18.17	703.34	721.51
Unallocated Revenue			0.07
Expenses	0.30	719.30	719.60
Unallocated Expenses			0.18
Operating Profit/(Loss)			1.80
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)	-	-	1.80
Other Information			
Segment Assets	329.33	176.85	506.18
Unallocated Assets		9.39	9.39
Total Assets			515.57
Segment Liabilities	-	367.37	367.37
Unallocated Liabilities			0.01
Total Liabilities			367.38



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

2.1 Accounting Standard 15 - Employee Benefits (Contd.)

(₹ in crores)

	For the year ended March 31, 2024		
	Treasury	Other Banking Operation	Total
Revenue	11.76	707.89	719.65
Unallocated Revenue		0.04	0.04
Expenses	0.17	717.78	717.95
Unallocated Expenses		0.03	0.03
Operating Profit/(Loss)			1.71
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)	-	-	1.71
Other Information			
Segment Assets	185.14	138.50	323.64
Unallocated Assets		9.48	9.48
Total Assets			333.12
Segment Liabilities	-	186.95	186.95
Unallocated Liabilities			-
Total Liabilities			186.95

Unallocated segments, income, expense, assets and liabilities includes items which are not allocable to other segments. In allocation of some items of expenses/income and asset/liabilities, certain estimates and assumptions have been made by the management, which has been relied upon by the auditors.

Geographic segment:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has not reported any geographic segments.

2.3 Accounting Standard 18 – Related Party Disclosures

Related party disclosure as required in accordance with AS 18 - "Related Party Disclosures" and RBI guidelines, is provided below.

The related parties of the Bank are broadly classified as:

- | | |
|-------------------------------------|--|
| i) Promoters | National Securities Depository Limited |
| ii) Fellow Subsidiary | NSDL Database Management Limited |
| iii) Key Management Personnel (KMP) | Mr. Abhijit Kamalapurkar – MD & CEO |
| | Mr. Jigar Shah – Chief Financial Officer (upto February 28, 2025) |
| | Mr. Harsh Kamdar – Chief Financial Officer (w.e.f. April 30, 2025) |
| | Mr. Balan Parthasarthy – Company Secretary (upto July 23, 2024) |
| | Mr. Gautam Goswami – Company Secretary (w.e.f. October 24, 2024) |

In line with the Reserve Bank of India Circular No. DBR.BC.No.23//21.04.2018/2015-16 dated 1 July 2015; the Bank has not disclosed details pertaining to related parties where under a category there is only one entity. Similarly, there has been only one entity under Promoters and Fellow subsidiary category at any given point of time, therefore, those details are not disclosed. Related parties are identified by the Management and relied upon by the auditors.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

2.3 Accounting Standard 18 – Related Party Disclosures (Contd.)

(₹ in crores)

Items / Related Party	As at March 31, 2025				
	Parent (as per ownership or control)	Key Management Personnel (KMP)	Relatives of KMP	Fellow Subsidiary	Total
Rendering of services	0.54	-	-	0*	0.54
Receipt of services	0.01	-	-	0.08	0.09
Reimbursement of expenses received	0.05	-	-	-	0.05
Reimbursement of expenses paid	0.01	-	-	-	0.01
Remuneration*	-	2.29	-	-	2.29
Security Deposit Given	0.02	-	-	0*	0.02
Balance payable towards Current account with us	0.01	-	-	0.10	0.11
Balance receivable	0.12	-	-	-	0.12
Balance payable	-	-	-	0.02	0.02

(₹ in crores)

Items / Related Party	As at March 31, 2024				
	Parent (as per ownership or control)	Key Management Personnel (KMP)	Relatives of KMP	Fellow Subsidiary	Total
Rendering of services	0.43	-	-	0*	0.43
Receipt of services	0.01	-	-	0.07	0.08
Reimbursement of expenses received	0.08	-	-	-	0.08
Reimbursement of expenses paid	0*	-	-	-	0*
Remuneration*	-	2.46	-	-	2.46
Security Deposit Given	0.02	-	-	0*	0.02
Balance payable towards Current account with us	0.01	-	-	0.10	0.11
Balance receivable	0.07	-	-	-	0.07
Balance payable	-	-	-	0.02	0.02

0 denotes the amount less than ₹ Fifty thousand.

* Liability for Gratuity & Compensated Absences are provided on an actuarial basis and calculated for the Bank as a whole and not individual employees, the said liabilities for the KMPs are not known hence not disclosed in above table.

2.4 Accounting Standard 19 - Lease Disclosures

The total amount paid by the Bank under operating lease for FY 2024-25 is ₹ 1.62 crores (₹ 1.44 crores during FY 2023-24). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
i) The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:		
a) Not later than one year	2.07	1.62
b) Later than one year but not later than five years	2.07	4.14
c) Later than five years	-	-
ii) Total Expected future lease payment	4.14	5.76
iii) Lease payment recognized in the statement of Profit and Loss for the period	1.62	1.44



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

2.5 Accounting Standard 10 and 26 – Fixed Assets and Other application software's

The movement in fixed assets capitalised as hardware and other application software is given below:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Hardware – Property, Plant and Equipment		
WDV at the beginning of the year	8.95	1.05
Additions during the year	2.75	8.83
Deductions during the year	-	(0.12)
Depreciation during the year	(2.11)	(0.81)
WDV at the close of the year	9.59	8.95
ii) Software – Intangible assets		
WDV at the beginning of the year	10.85	9.98
Additions during the year	8.97	4.21
Deductions during the year	-	-
Depreciation during the year	(4.10)	(3.34)
WDV at the close of the year	15.72	10.85

2.6 Accounting Standard 22: Accounting for taxes

The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets:		
WDV of fixed assets	0.71	1.60
Provision for doubtful debts	0.33	0.34
Unabsorbed depreciation on fixed assets	3.45	3.45
Business loss	2.31	1.56
Timing difference between provision and payment	0.32	0.44
Total	7.12	7.39

Deferred tax assets have not been recognized in respect of the aforesaid items in absence of virtual certainty of future taxable profits as mandated by Accounting Standard 22 – Deferred Taxes as issued by Institute of Chartered Accountants of India.

As there is no taxable income for the year under normal provisions of the Income Tax Act, 1961, no provision for taxation has been made.

The Taxation Laws (Amendment) Ordinance, 2019 ('Ordinance') has inserted section 115BAA of the Income-tax Act, 1961 which allows domestic Companies to opt for an alternative tax regime from financial year 2019-20. As per the said tax regime, Companies are allowed to pay reduced income tax @ 22% (plus surcharge and cess) subject to foregoing of certain exemptions / deductions which were allowed earlier. Once exercised, such option cannot be withdrawn for the

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

same or subsequent assessment years. Pursuant to the aforesaid amendment, the Bank, has opted for lower rate of tax with effect from financial year ended March 31, 2023 while filing the income tax return. Accordingly, the provisions of Minimum Alternate Tax under Section 115JB of the Income Tax Act, 1961 are not applicable to the Bank.

Consequent to adoption of rates prescribed by the Ordinance as mentioned above, the applicable tax rates have reduced from the previous year. Accordingly, the amounts for the previous year are not comparable.

2.7 Accounting Standard 20 – Earnings Per Share ('EPS')

Particulars	As at March 31, 2025	As at March 31, 2024
i) Net profit/(loss) after tax (₹ in crores)	1.80	1.71
ii) Basic weighted average number of shares	18,00,00,000	18,00,00,000
iii) Diluted weighted average number of shares	18,00,00,000	18,00,00,000
iv) Basic EPS (₹)	0.10	0.10
v) Diluted EPS (₹)	0.10	0.10
vi) Nominal value of shares (₹)	10.00	10.00

2.8 Accounting Standard 28 – Impairment of Assets

An asset is treated as impaired when its carrying amount exceeds its recoverable amount. The impairment is recognised by debiting the profit and loss account and is measured as the amount by which the carrying amount of the impaired assets exceeds their recoverable value.

The Management has reviewed the carrying value of the assets, as per Accounting Standard 28 - "Impairment of Assets" and assessed that no impairment is required as the value in use is higher than the carrying value.

3 Additional Disclosures as per RBI

3.1 Provisions and contingencies

Break up provisions and contingencies:

(₹ in Lakhs)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Asset written off	-	-
ii) Provision for Doubtful Debts	(0.06)	0.29
iii) Total	(0.06)	0.29

3.2 Appropriation to / Withdrawal from Reserve

Statutory Reserve: The Bank has made an appropriation of ₹ 0.45 crores (FY 2023-24: ₹ 0.43 crores) out of profits for the respective years to Statutory Reserve pursuant to the requirement of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Investment Fluctuation Reserve: The Bank has made an appropriation of ₹ 1.35 crores (FY 2023-24: 1.28 crores) out of profits for the respective years to Investment Fluctuation Reserve pursuant to the RBI circular on "Prudential Norms for Classification, Valuation and Operation of Investments Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)".



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.3 Summary information on complaints received by bank from customers and from the OBOs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Complaints received by the bank from its customers		
i) Number of complaints pending at the beginning of the year	110	8
ii) Number of complaints received during the year	4,372	1,485
iii) Number of complaints disposed during the year	4,378	1,383
a) Of which, number of complaints rejected by the bank	-	-
iv) Number of complaints pending at the end of year	104	110
Maintainable complaints received by Bank from OBOs		
v) Number of maintainable complaints received by the bank from OBOs	1,056	98
a) Of 5, number of complaints resolved in favour of the bank by Bos	1,056	98
b) Of 5, number of complaints resolved through conciliation/ meditation/advisories issued by Bos	23	-
c) Of 5, number of complaints resolved after passing of Awards by BO against the bank	-	-
vi) Number of Awards unimplemented within the stipulated time (Other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the scheme.

Top five grounds of complaints received by the bank from customers:

(₹ in crores)

Grounds of complaints (i.e. complaints relating to)	For the year ended March 31, 2025				
	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year*	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Account opening/difficulty in operation of accounts	2	967	183%	27	19
Others	2	1,692	649%	73	56
Internet/Mobile/Electronic Banking	2	974	8,017%	4	1
ATM/Debit Cards	2	374	53%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	-	-	-
Prepaid card	102	365	(45)%	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.3 Summary information on complaints received by bank from customers and from the OBOs (Contd.)

(₹ in crores)

Grounds of complaints (i.e. complaints relating to)	For the year ended March 31, 2024				
	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase / decrease in the number of complaints received over the previous year*	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
Account opening/difficulty in operation of accounts	4	342	(25)%	2	-
Others	3	226	11%	2	-
Internet/Mobile/Electronic Banking	1	12	(89)%	2	-
ATM/Debit Cards	-	245	(70)%	2	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	-	-	-
Prepaid card	-	660	NA	102	-

*The count of complaints has increased in prepaid cards since the process of capturing complaints commenced during the current year. The complaints pertaining to internet/mobile/electronic banking and debit cards have decreased in the current year due to improvements carried out by the Bank.

3.4 Concentration of deposits

Particulars	As at March 31, 2025	As at March 31, 2024
i) Total deposits* of twenty largest depositors (₹ in crore)	1.50	1.95
ii) Percentage of deposits of twenty largest depositors to total deposits of the Bank	0.84%	3.29%

*Includes balance maintained in other bank to enable sweep out facility above regulatory threshold limit

3.5 Off Balance sheet SPVs sponsored (which are required to be considered as per accounting norms)

There is no off-balance sheet SPVs sponsored during the year 2024-25 ("Nil" during the year 2023-24).

3.6 Provision for Long Term Contracts

The Bank has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. As at March 31, 2025, 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.

3.7 Details of provisioning related to fraud accounts

Particulars	As at March 31, 2025	As at March 31, 2024
i) No. of frauds reported	163	60
ii) Amount involved in such frauds (net of recovery) (₹ in crores)	0.18	0.07
iii) Quantum of provision made (₹ in crores)	-	-
iv) Quantum of unamortized provision debited from 'other Reserves' at the end of the year (₹ in crores)	-	-



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.8 Remuneration of Directors (Non-executive)

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
i) Board Meeting	0.23	0.24
ii) Audit Committee	0.14	0.15
iii) Nomination & remuneration Committee	0.04	0.07
iv) Risk Management Committee	0.07	0.08
v) Customer Service Committee	0.09	0.09
vi) IT Strategy Committee	0.05	0.06
vii) Independent Director Committee	0.02	0.03
viii) Total	0.64	0.72

3.9 Marketing and distribution

The Bank has earned ₹ 0.17 crores from distribution of third party Mutual Fund products during FY: 2024-25 (₹ 0.15 crores during FY 2023-24).

3.10 Bancassurance Business

The Bank has earned Nil from bancassurance business during FY: 2024-25 (₹ 0.00* crores during FY 2023-24).

0 denotes the amount less than ₹ Fifty thousand.

3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised pension / gratuity liabilities as at March 31, 2025 ("Nil" as at March 31, 2024).

3.12 Disclosures on Remuneration

i) Qualitative Disclosure

- a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:

The Nomination & Remuneration committee comprises of minimum 3 non-executive directors out of which at least one half consist of Independent Directors of the Bank. Key mandate of the Nomination & Remuneration committee is to identify persons who are qualified to become directors and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Managing Director and Chief Executive Officer is considered as Material Risk taker of the Bank.

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

The current remuneration design offered is a competitive and market aligned remuneration package. The remuneration is designed to attract the required and quality talent. The remuneration is in line with the market practices.

- 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 incentive structures focus on ensuring sound and effective risk management by aligning with the Banks business strategy, values, key priorities and long-term goals. The Bank is in process to develop a clear and predetermined role based KPIs which are set in accordance with the Banks overall strategy. This will further strength the future risk accounted from remuneration process.

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

The performance measurement is based on the KRA mapped. The KRA to each role acts as a parameter based on which the employees are evaluated.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

- 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:

The same is governed by the guidelines as per the remuneration and compensation policy approved by the NRC.

- 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:

The bank has variable remuneration payout in cash which is determined by the end of the performance period.

The qualitative disclosure is made by the management and relied upon by the auditors.

ii) Quantitative Disclosure:

- a) Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members:

Number of meetings - 3 (5 during the year 2023-24)

Remuneration paid to the members during the year 2024-25 - ₹ 0.64 crores (₹ 0.72 crores during the year 2023-24)

- b) Number of employees having received a variable remuneration award during the financial year: 1 (1 during the year 2023-24)
- c) Number and total amount of sign-on /joining bonus awards made during the financial year: Nil (Nil during the year 2023-24)
- d) Details of severance pay, in addition to accrued benefits, if any: Nil (Nil during the year 2023-24)

- e) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: ₹ 0.47 crores (0.32 crores during the year 2023-24)

- f) Total amount of deferred remuneration paid out in the financial year: Nil (Nil during the year 2023-24)

- g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred:

***Fixed Pay: Basic Salary ₹0.35 crores (PY: ₹ 0.34 crores), Other Allowances* ₹ 0.89 crores (PY: ₹ 0.76 crores)*

**HRA, Conveyance, Medical Allowances, leave encashment, etc.*

Deferred Variable Pay: 0.47 crores (PY: 0.32 crores)

Non-Deferred Variable Pay: 0.12 crores (PY: 0.24 crores)

Variable pay for the FY 2024-25 are yet to be reviewed and approved by the committee.

***Details pertaining to Material Risk Takers of the Bank as identified by the Bank*

- h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/ or implicit adjustments: Nil (Nil during the year 2023-24)
- i) Total amount of reductions during the financial year due to ex- post explicit adjustments: Nil (Nil during the year 2023-24)
- j) Total amount of reductions during the financial year due to ex- post implicit adjustments: Nil (Nil during the year 2023-24)
- k) Number of MRTs identified: The MD & CEO is the only MRT identified at the Bank.
- » Number of cases where malus has been executed: Nil (Nil during the year 2023-24)



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.12 Disclosures on Remuneration (Contd.)

- » Number of cases where clawback had been executed: Nil (Nil during the year 2023-24)
- » Number of cases where both malus and clawback had been exercised: Nil (Nil during the year 2023-24)

2023-24) and the deviation of the pay of each of its WTDs from the mean pay: ₹ 1.10 crores (₹ 1.16* crores during the year 2023-24)

**Mean pay and deviation is calculated on average basis.*

iii) General Quantitative Disclosure:

The mean pay for the bank as a whole ₹ 0.17 crores (excluding sub-staff) (₹ 0.18* crores during the year

3.13 Credit Default Swaps

The Bank has not issued any Credit Default Swaps (CDS) during the year 2024-25 ("Nil" during the year 2023-24).

3.14 Intra-group Exposure

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Total amount of intra group exposures	-	-
ii) Total amount of top 20 intra group exposures	-	-
iii) Percentage of intra group exposures to total exposure of the bank on borrowers / customers	-	-
iv) Details of breach of limits on intra group exposures and regulatory action thereon, if any.	-	-

3.15 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Opening balance of amounts transferred to DEAF	-	-
ii) Add : Amounts transferred to DEAF during the year	-	-
iii) Less : Amounts reimbursed by DEAF towards claims	-	-
iv) Closing balance of amounts transferred to DEAF	-	-

3.16 Liquidity Coverage Ratio (LCR)

Disclosure pertaining to Liquidity Coverage Ratio (LCR) is not applicable to payments bank.

3.17 Implementation of IFRS converged Indian Accounting Standards (Ind AS)

Presently, the Bank is preparing its Annual Financial statements, in terms of the provisions of section 29 of the Banking Regulation Act, 1949, in the Forms set out in the Third Schedule of the Banking Regulation Act, 1949 vide Master Direction No.DOR.ACC.REC.No.46/21.04.018/2021-22, dated November 15, 2021. Simultaneously, the Bank also prepares Financial Statements compliant with Ind AS standards/principles by converting the BR Act financials considering the Ind AS adjustments relating to MTM of investments, OCI impact of Ind AS 19, Financial lease liability as per Ind AS 116 etc. for the special purpose of consolidation at group reporting level. The same is subjected to audit by the statutory auditors.

3.18 Payment of DICGC Insurance Premium

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Payment of DICGC Insurance Premium	0.17	0.10
ii) Arrears in payment of DICGC premium	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.19 Micro, Small and Medium Enterprises Development Act, 2006

The dues to the micro and small enterprises as required under 'The Micro, Small and Medium Enterprises Development Act 2006' is disclosed as below:

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	10.95	9.49
ii) Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
iii) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	10.95	9.49
iv) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
vii) Further interest remaining due and payable for earlier years	-	-

Interest on delay payment of MSME vendors is not paid as the Bank has obtained the interest waiver certificate.

The determination has been made to the extent such parties were identified by the management based on the information available and are relied upon by the auditors.

3.20 As per Operating guidelines for Payments Bank issued by RBI dated October 6, 2016, a Payments Bank cannot lend to any person except own employees. Accordingly, all disclosures in Notes to Accounts pertaining to advances including notes relating to Moratorium, Relief under RBI Package, Restructuring have not been made.

3.21 The Bank has availed a Bank Guarantee for an amount of ₹ 0.25 crores (PY: ₹ 0.25 crores) in favour of UIDAI against a lien on Fixed Deposit.

3.22 Employee Stock Option Plan (ESOP)

During the year ended March 31, 2023, the Bank has granted 16,50,000 employees stock options (ESOP). The Bank measures compensation cost relating to the employee stock options using the fair value method. The fair value of stock options is estimated on the date of grant using the Black- Scholes model with the following assumptions.

Summary of share-based payments:

Particulars	As at March 31, 2025	As at March 31, 2024
Outstanding balance at the beginning of the year	15,33,396	12,90,000
Options granted	6,05,111	5,43,396
Options forfeited	(2,70,000)	(3,00,000)
Options exercised	-	-
Options expired	-	-
Options outstanding at the end of the year	18,68,507	15,33,396
Options exercisable at the end of the year	8,33,841	5,06,021
For share options exercised:		
Weighted average exercise price at date of exercise	-	-
Money realized by exercise of options (in actual rupees)	-	-



Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.22 Employee Stock Option Plan (ESOP) (Contd.)

Particulars	As at March 31, 2025	As at March 31, 2024
For share options outstanding		
Range of exercise price	19.05	19.05
Average remaining contractual life of options	4.56 years	5.56 years
Modification of plans	Not Applicable	Not Applicable
Incremental fair value on modification	Not Applicable	Not Applicable

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
i) Expected Volatility	25.15%-28.34%	25.15%-28.34%
ii) Risk Free Interest Rates	7.03%-7.32%	7.03%-7.32%
iii) Fair Value of option on grant date	4.56-6.87	4.56-6.87

The Nomination and Remuneration Committee (NRC) has approved grants of 6,05,111 (PY: 5,43,396) stock options to MD & CEO. Stock options will be granted subject to RBI's approval.

3.23 Breakup of other expenditure, commission, exchange and brokerage, other liabilities and other assets:

i) The following table sets forth the details of Other Expenditure (exceeding 1% of total income):

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
BC Commission and Incentive	440.83	517.98
Switching and Interchange charges	207.86	153.41
Other expenses	15.91	4.23

ii) The following table sets forth the details of commission, exchange and brokerage (exceeding 1% of total income):

(₹ in crores)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue from remittance services	646.70	700.70
Fee and charges collected	38.64	5.23
Debit card issue fees	16.03	1.56

iii) The following table sets forth the details of other liabilities and provisions - others (including provisions) (exceeding 1% of total assets):

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Third party settlement - payment services	42.23	42.26
Trade payables	50.68	39.09
Earnest money deposit	79.11	38.27
Taxes payable	2.45	3.87
Provision for expenses	4.12	3.63

Schedules forming part of the financial statements

as at and for the year ended March 31, 2025

3.23 Breakup of other expenditure, commission (ESOP) (Contd.)

iv) The following table sets forth the details of other assets - others (exceeding 1% of total assets):

(₹ in crores)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivable	25.61	10.99
Security deposits	18.07	12.38
Interest accrued	10.64	5.45
Taxes recoverable	9.40	9.48
Inward Remittance - Pending Settlement	(0.43)	4.15

3.24 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013, the Bank is not required to spend towards CSR in the current year.

3.25 Revised guidelines issued from Reserve Bank

In compliance with RBI's Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions) 2023 dated 12th September 2023, the Bank has changed its accounting policy with respect to "Investments" effective from April 1, 2024. Accordingly, the investments of the Bank have been re-classified, wherever required and valued in accordance with the above mentioned RBI direction. Transitional adjustment on account of Available For Sale (AFS) portfolio and other securities has been credited to "AFS Reserve" to the extent Nil (net of tax) and to opening "General Reserve" to the extent of 0* (Which includes reversal of provision for depreciation) respectively.

Further, in compliance with the RBI Direction, the valuation gains or losses for the period ended March 31, 2025 across all performing investments held under AFS are aggregated and the net appreciation of 0* (Net of Tax) has been recognized in AFS reserve. The corresponding quarter and financial year ended March 31, 2024 are not comparable due to the impact of the revised RBI guidelines.

'0*' denotes the amount less than ₹ Fifty thousand.

3.26 Previous Year comparative figures

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

For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

For and on behalf of the Board of Directors of
NSDL Payments Bank Limited
CIN: U65900MH2016PLC284869

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
DIN: 00311538

Vijay Chandok
Director
DIN: 01545262

Place: Mumbai
Date: April 30, 2025

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Harsh Kamdar
Chief Financial Officer
M.No. 177727

Gautam Goswami
Company Secretary
M.No. A48726



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