

CREATING A MORE INCLUSIVE FINANCIAL WORLD



**ANNUAL REPORT
2023-24**

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MD's Message



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Inclusive Banking initiatives



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Other Services



Key Highlights of Financial Year 2023-24

#1

In MATM - 27% of Industry (4,95,047)

#1

In Aeps Product Acquiring

8-10%

Prepaid Market Share

10L+

Active Merchants/ Agetns On-Boarded

3,296

Customer Touchpoints

18,500+

Pin Code Presence Covering 97% of India's Geography

About NSDL Payments Bank

NSDL Payments Bank, established in 2018 by the National Securities Depository Limited (NSDL), is a digital banking institution dedicated to providing digital financial services across all segments of society. True to its tagline, "Vishwas bhi, Vikas bhi," the bank is committed to fostering both trust and development, enabling customers from all walks of life to confidently embark on their financial journeys and achieve their goals with ease. NSDL Payments Bank is dedicated to financial inclusion, which is at the core of its vision, mission, and values.

Mission

To foster financial advancement for all customers with user-friendly banking solutions.



Vision

Redefining banking to empower the last-mile customer experience through technology and innovation.



FOUNDATION

The bank's values—ethics, process orientation, innovation, customer centricity, synergy, and sustainability—form the foundation of its efforts. Guided by these principles, NSDL Payments Bank remains committed to promoting financial advancement and inclusion, making banking services accessible to everyone, everywhere.

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 various digital banking solutions, all available through the flagship NSDL Jiffy app.

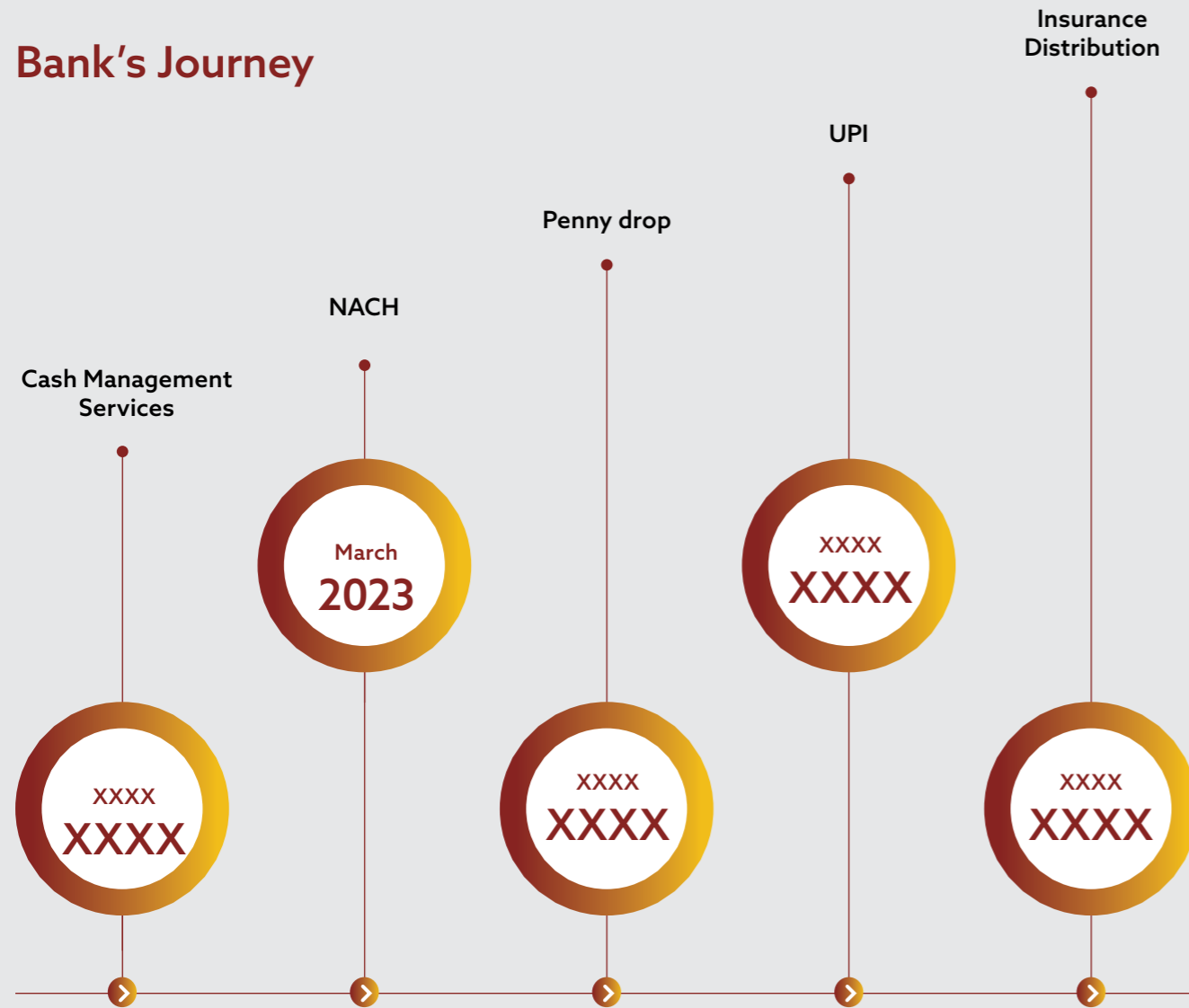
Through its extensive nationwide bank-led CSP and Corporate BC network, NSDL Payments Bank ensures that basic banking transactions are easily accessible to

everyone. Offering AePS, Micro ATMs, and DMT services, the bank provides convenient banking solutions to those who need them most.

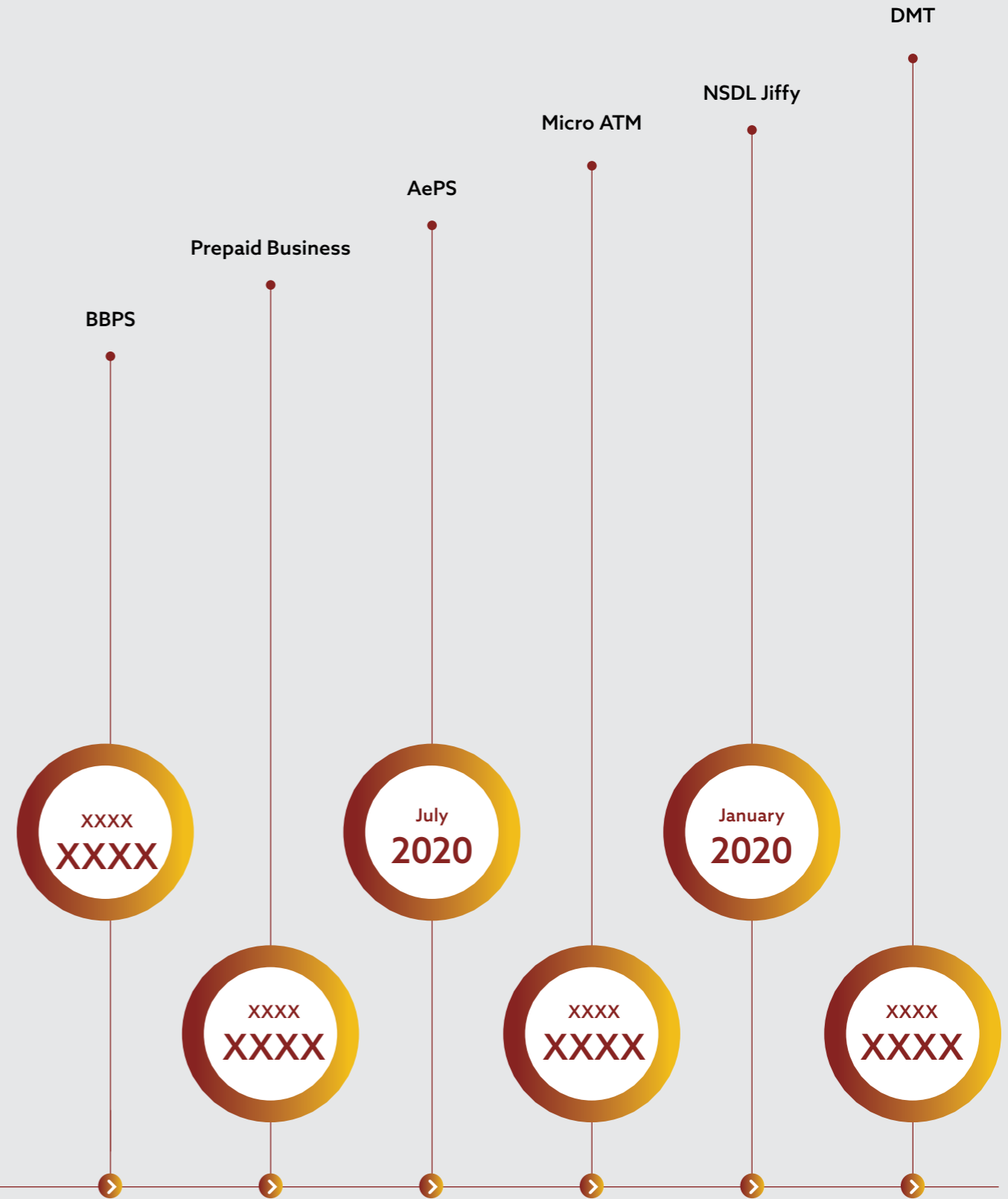
NSDL Payments Bank has established strong partnerships and collaborations with various NBFC partners, to expand its service offerings and reach. Together, they deliver a comprehensive suite of banking solutions that evolve with the needs of the people they serve.

In conclusion, NSDL Payments Bank stands as a pillar of trust and development, committed to fostering digital financial inclusion and advancing banking services through innovation and collaboration.

Bank's Journey



Commencement of Operations



Empowering Growth, Championing Inclusion



Throughout its journey, NSDL Payments Bank have always prioritized sustainability as a fundamental aspect of its operations. The Bank is committed to providing both immediate value to its stakeholders and ensuring the long-term prosperity of the communities it serves. The bank deeply committed to sustainability, which influences all its decision-making processes and motivates it to constantly innovate and enhance its practices.

Dear Stakeholders,

In a rapidly changing world with ever-evolving demands, NSDL Payments Bank is delighted to share its annual report for the financial year 2023-24.

Years ago, the bank's parent company NSDL foresaw a transformation in the banking industry driven by financial inclusion and innovation. Motivated by a desire to challenge the status quo, it set out on a mission to craft a banking experience uniquely tailored for customers including the ones who are often overlooked by other financial institutions.

Throughout its journey, NSDL Payments Bank have always prioritized sustainability as a fundamental aspect of its operations. The Bank is committed to providing both immediate value to its stakeholders and ensuring the long-term prosperity of the communities it serves. The bank deeply committed to sustainability, which influences all its decision-making processes and motivates it to constantly innovate and enhance its practices.

STRATEGIC INITIATIVES AND ACHIEVEMENTS

The bank has made considerable progress in transaction banking sphere and has embarked on the path of serving its customers through a seamless account opening journey. Having said that, it acknowledges that there is still a lot to be learned and accomplished. Every obstacle the bank faces presents a chance for it to develop, adjust, and continue to perfect its strategy. NSDL Payments Bank is driven by its dedication to constant improvement.

In the financial year 2023-24, NSDL Payments Bank leveraged innovation and technology to enhance customer experience, security, and financial inclusion. Here are some key endeavours undertaken by NSDL Payments Bank:

- Promoted financial inclusion for underbanked populations through digital account opening via its Corporate BC network.
- Targeted gig workers for salary accounts, aiming to provide formal financial services to blue-collar employees.
- Successfully implemented digital solutions so that the underserved population can avail DBT seamlessly.

- Introduced NSDL Payments Bank CMS to facilitate the service of premium/EMI collections from customers through the BC network on behalf of NBFCs and MFIs.
- Introduced advanced automated solutions like E-NACH for recurring payments and Partner Fund Payout for seamless disbursements, improving financial management.
- Streamlined customer onboarding through Insta Kits and Video KYC facilitated quick and secure account openings, particularly for underserved individuals.

Due to the above given efforts, NSDL Payments Bank witnessed remarkable progress across its important metrics. Its suite of Inclusive Banking products, which includes AePS, Micro ATM, DMT and the new addition – CMS (Cash Management System) helped the bank in achieving its goal of genuine digital financial inclusion. With the bank's extensive nationwide CSPs and Corporate BC network, enable even the smallest mom-and-pop shops to provide basic banking services in unbanked and underbanked areas, solidifying its position in the Financial Inclusion sector.



In FY 2023-24, The bank has created a network of over 3,269 customer touchpoints through bank-led CSPs to improve customer service. To achieve pan-India coverage, more than 10 lakh active Corporate BC agents have been onboarded, reaching 97% of India's pin codes. The bank leads the Micro ATM market with a 27% market share and ranks second in AePS Acquiring. These milestones demonstrate the success and broad adoption of the bank's inclusive banking solutions.

3,269

Customer Touchpoints

27%

Top market share in Micro ATM

To promote digital financial inclusion further, the bank created NSDL Jiffy, an easy-to-use banking app. It offers a comprehensive suite of banking solutions, including a Zero Balance savings account, diverse banking services such as fund transfers, a complimentary digital debit card, an optional physical debit card, bill payments, recharges, and various investment options.

Owing to the bank's diverse product suite and expanded reach, the customer base experienced phenomenal growth, the active account numbers almost doubled in FY 2023-24. Additionally, this substantial expansion led to a remarkable 173% surge in CASA balances which only highlights the bank's performance and strategic execution.

Within the realm of payment innovation, NSDL Payments Bank has unveiled a diverse range of Prepaid Cards, encompassing corporate, student, meal, and payroll cards, available in both physical and virtual formats. The Prepaid Card section processed transaction accounts for roughly 8-10% of the prepaid market share.

In the last fiscal year, the bank also implemented a significant reorganization to strategically position itself in the financial services sector. As part of its ongoing efforts, the bank made improvements in risk management and compliance protocols to enhance the secure and seamless account opening journey. This commitment demonstrates unwavering focus on upholding a secure banking environment and ensuring the protection of its valued customers.

Through these initiatives, NSDL Payments Bank is revolutionizing banking by providing highly efficient, secure, and flexible solutions, resulting in a 32.8% increase in the Bank's total gross revenue. To further this success and increase visibility among the youth, the bank participated in and sponsored various events. Additionally, the bank is gaining organic positive attention on its social media platforms, reflecting growing customer engagement and satisfaction.

The success achieved by NSDL Payments Bank is attributed to its versatile and dedicated workforce. Recognizing that diverse teams breed innovation, the bank homes almost 150 professionals representing diverse talents and perspectives.

Notably, women constitute 24% of this formidable team, a testament to the bank's commitment to gender diversity. NSDL Payments Bank remains resolute in its mission to amplify representation across all fronts.

Celebrating its fifth anniversary in October 2023, the bank launched various employee-centric initiatives like monthly knowledge sessions, quarterly town halls, and targeted training programs so that every employee of the bank is informed about its workings which is essential for long-term sustainability and success.

ASPIRATIONS FOR THE FUTURE

NSDL Payments Bank's future aspirations revolve around a robust journey of expansion, inclusivity and innovation.

Expansion

NSDL Payments Bank, in spite of its extensive reach looks forward to expanding its geographic presence and customer base, ensuring that every corner of the country has access to its financial services. The bank is committed to expanding its agent network and strategic partnerships further, bridging any remaining gaps, and making its services even more accessible to all.

Inclusivity

NSDL Payments Bank is committed to inclusivity by broadening its product portfolio to cater to diverse demographics. This includes offering a wide range of financial services such as investment options, insurance solutions, and convenient payment methods. The bank seeks to simplify banking for individuals across all segments of society, ensuring no one is left behind in accessing essential financial services.

Innovation

NSDL Payments Bank is dedicated to digital transformation and embracing emerging technologies to set new benchmarks in digital banking. By prioritizing merchant acquisition and digital payment solutions, the bank aims to collaborate closely with partners to offer comprehensive payment options to both online and offline merchants. This initiative enhances convenience, efficiency, and sets the stage for future innovations in financial services.

NSDL Payments Bank aims to redefine the landscape of financial services, fostering sustainable growth, and delivering significant value to customers and stakeholders alike.

Conclusion

On behalf of NSDL Payments Bank, would like to conclude by extending a big thank you to everyone involved.

To our valued customers: Your trust in us drives everything we do. We are committed to continually improving our services to ensure you have the best banking experience possible.

To our stakeholders: Your unwavering support and vision have been the cornerstone of our success at NSDL Payments Bank. Thank you for guiding us on this incredible journey.

To our incredible team: Your efforts are the backbone of our success, and I want to express my sincere appreciation for your hard work and dedication.



Secure, Efficient and Accessible Banking

In the financial year 2023-24, NSDL Payments Bank has harnessed innovation and technology to transform its operations, enhancing customer experience, security, and financial inclusion.



Banking Reimagined

The Bank's commitment to innovation is unwavering and is continuously striving to enhance the banking experience for its valued account holders. By integrating cutting-edge digital solutions and advanced financial technologies, the bank ensures that its services are not only secure and efficient but also user-friendly and accessible. From seamless online transactions to robust NSDL Jiffy, the bank's mobile banking app, the bank leverages the latest advancements to provide a holistic and modern banking experience. The bank ensures account holders with real-time access to their finances, enhanced security features, and smooth banking experience.

Simplifying Banking

NSDL Payments Bank has also streamlined the customer onboarding process. Through Insta Kits and various tools and technologies all bank channels can quickly open full KYC accounts and manage essential banking operations seamlessly. The bank has also launched Video KYC, a secure and efficient video verification method that will further simplify the onboarding process, demonstrating the bank's commitment to leveraging technology for financial inclusion.

Enhancing Experience

Moreover, in FY 2023-24, in order to ensure seamless transaction experience, the Bank has introduced several advanced automated solutions for managing recurring payments and partner transactions. The bank's E-NACH system facilitates easy and automated handling of recurring payments, while the NSDL Payment Bank Fund Payout feature ensures smooth and timely disbursements to third-party partners.

Through these initiatives and robust digital infrastructure, the bank continues to pioneer inclusive banking solutions that enhance accessibility and support sustainable economic growth.

Championing Financial Inclusion

Inclusive banking solutions is a fundamental value of NSDL Payments Bank. The Bank is committed to making its banking services accessible and beneficial to all members of society, including the unbanked and underbanked.

NSDL Payments Bank's digital financial inclusion services comprise of DMT, Micro ATM, AePS, Assisted Savings Account opening and Cash Management Services. These services utilize the vast network of the Bank's CSP channel and Corporate Business Correspondents (CBCs), who are usually individuals, local vendors such as small kiranas, stationery shops, pharmacies, and more.

Recognizing the importance of ensuring customers fully benefit from these services, the Bank has invested in comprehensive educational programs and support initiatives. These efforts include training sessions, financial literacy awareness campaigns, and customer service enhancements, all designed to help users navigate digital banking tools confidently and securely. By empowering both customers and local vendors with the necessary knowledge and skills, NSDL Payments Bank strives to create a more inclusive and accessible banking environment.

In FY 2023-24, the NSDL Payments Bank financial inclusion services—including AePS, Micro ATM, and DMT—demonstrated remarkable growth, increasing from ₹23,296 crores in FY 2021-22 to ₹77,354 crores in FY 2022-23, and reaching ₹110,599 crores in FY 2023-24. This substantial progress highlights the bank's successful advancements in the financial inclusion sector. Its year-by-year growth is visible in the graph below:



COLLABORATIONS FOR BECOMING MORE INCLUSIVE

NSDL Payments Bank highlights its unwavering commitment to financial inclusion through strategic partnerships with corporate business correspondents (CBCs). These dynamic alliances are central to its mission of bringing banking services to the doorsteps of underserved and remote communities, transforming the dream of financial access into a tangible reality for millions.

By leveraging the extensive networks and local expertise of CBCs, the bank offers essential services such as account opening, remittances, bill payments and recharges and availing of govt. funds and subsidies where they are needed most. This symbiotic relationship not only enhances operational efficiency but also fosters financial literacy and economic empowerment at the grassroots level, regardless of socio-economic status or location.

DISTRIBUTION OF BC AGENTS



BUSINESS CORRESPONDENT COVERAGE

10 lakhs +

Active BC Agents

30+

Corporate BC Network

18,500+

Pin-codes

97%

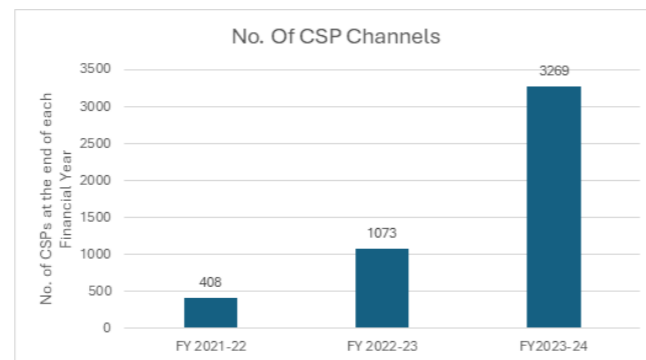
Country Covered



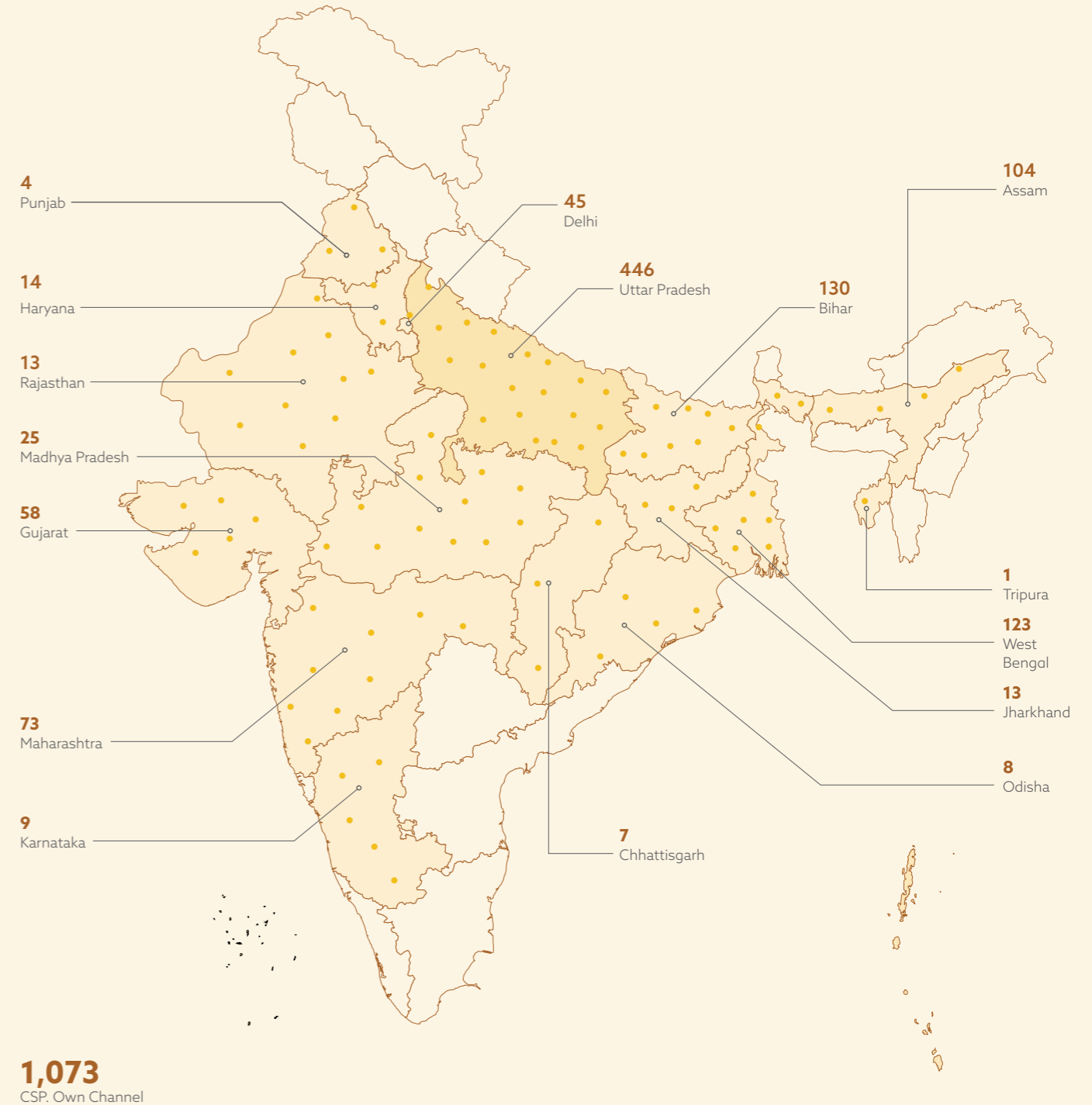
BANK'S CSP CHANNEL

NSDL Payments Bank has significantly expanded its reach through Customer Service Point (CSP) channels, which are integral to its financial inclusion strategy. These CSPs, often local mom-and-pop shops, provide a second source of income for their owners while acting as community banking hubs. They offer a comprehensive range of services including account opening, deposits, withdrawals, and remittances, balance inquiries along with AePS, Micro ATM, DMT and Aadhar Seeding etc.

The bank witnessed a gradual increase in the number of Bank CSPs from 2021-24. In this financial year alone, it enrolled a total of 1,913 Bank CSPs across India, bringing the grand total to 3,269. The bank is exerting significant effort to increase the number to advance financial inclusion.



CUSTOMER SERVICE POINTS



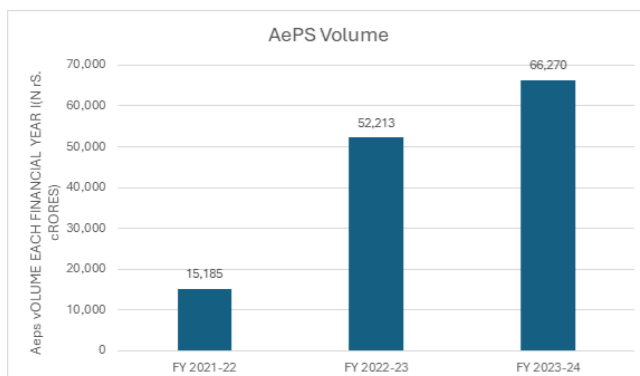
Note: Map not to scale

● DISTRIBUTION OF CSP'S

AADHAR ENABLED PAYMENTS SCHEME (AEPS)

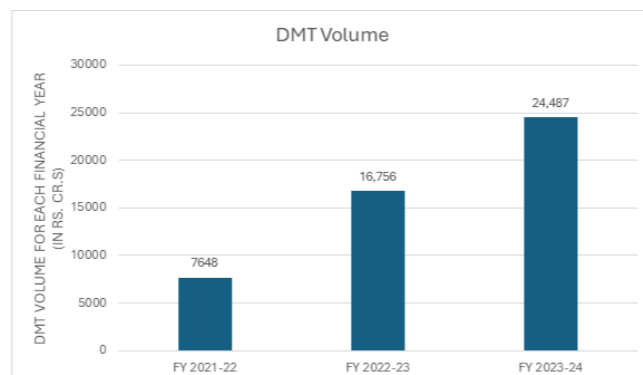
AePS plays a pivotal role in facilitating financial inclusion initiative by NSDL Payments Bank. AePS leverages the unique Aadhaar identification number to facilitate seamless, secure, and interoperable financial transactions, such as cash deposits, withdrawals, balance inquiries, and fund transfers at banking outlets. Thus, extending the reach of formal banking services to remote and rural areas. This system simplifies the banking process, requiring only an Aadhaar number and biometric authentication, thereby reducing dependency on traditional banking infrastructure. With this even the most marginalized communities can participate in the digital economy, access government subsidies directly, and benefit from a broad spectrum of financial services.

Due to the ease and convenience it offers to the common man, the volume of AePS transactions at NSDL Payments Bank has seen remarkable growth. Transactions increased from ₹15,185 crores in 2021-22 to ₹52,213 crores in FY 2022-23, and reached an impressive ₹66,270 crores in 2023-24, underscoring the bank's pivotal role, making it one of the industry leaders in advancing financial inclusion



DIRECT MONEY TRANSFER (DMT)

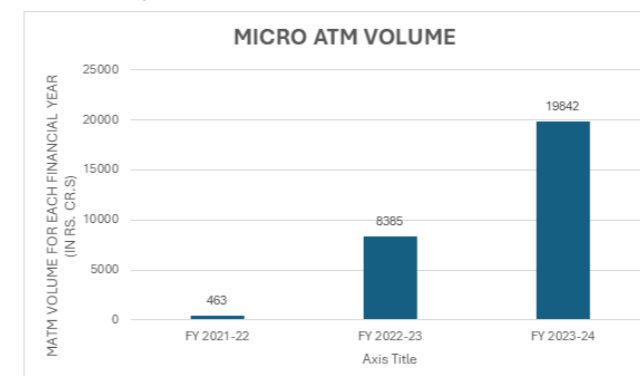
NSDL Payments Bank has made significant strides in enhancing its Direct Money Transfer services, underscoring its dedication to financial inclusion. This service facilitates seamless and secure transactions, providing substantial benefits to individuals in underserved regions. By bridging the financial services gap between urban and rural areas, the bank has established itself as a pivotal player in the digital banking sector. This unwavering commitment has driven remarkable growth, with transaction volumes increasing from ₹7,648 crores in FY 2021-22 to ₹16,756 crores in FY 2022-23 and reaching ₹24,487 crores in FY 2023-24.



MICRO ATM (MATM)

NSDL Payments Bank has effectively leveraged Micro ATMs, facilitated by BC Agents appointed by Corporate Business Correspondents, to extend essential banking services to remote and rural areas. These portable, point-of-sale services provide crucial facilities such as cash withdrawals, deposits, balance inquiries, and fund transfers using secure biometric authentication.

Since FY 2021-22, the bank has seen an extraordinary growth in Micro ATM transactions, with volumes rising from ₹463 crores in FY 2021- 22 to ₹8385 crores in FY 2022-23 to an impressive ₹19,842 crores in FY 2023-24. This remarkable increase underscores NSDL Payments Bank's dedication to making banking services accessible to underserved populations across the country.



The bank is also proud to mention that NSDL Payments Bank has consistently held the no. 1 position in Micro ATM, affirming its commitment to empowering communities and driving financial inclusion.

CASH MANAGEMENT SERVICES (CMS)

In July 2023, NSDL Payments Bank launched its Cash Management Services (CMS) to facilitate the service of premium/EMI collections from customers through the BC network. This service leverages NSDL Payments Bank's robust BC network, offering an efficient and secure solution for collecting premium/EMI from customers.

The service's secure environment minimizes transaction risks, while its user-friendly interface enhances customer experience, fostering loyalty and satisfaction. Overall, the CMS by NSDL Payments Bank is a strategic tool for MFIs and NBFCs, contributing to their financial stability and streamlined operations. Within just seven months of launching the services, the total throughput exceeded Rs. 5,600 crores.

ACCESSIBLE AND SECURE BANKING CONTROLS

The Bank is dedicated to making banking accessible to everyone while also ensuring strong protection against fraud. As leaders in fraud prevention, it uses advanced technologies and strict protocols in services such as Micro ATM (MATM), Aadhaar-enabled Payment System (AePS), and Direct Benefit Transfer (DBT). These efforts not only make financial transactions easier but also empowers under-served communities with safe and dependable banking services.

OUTLOOK

Building on the Bank's extensive coverage and commitment to inclusivity, NSDL Payments Bank is dedicated to expanding its digital banking solutions. Through initiatives such as AePS services, DMT, a Micro ATM network, and CMS capabilities, the bank aims to bring more individuals into the digital banking fold.

To facilitate it the Bank will focus on innovating digital banking solutions, educating customers, and fostering sustainable, inclusive growth. By leveraging advanced technologies and expanding partnerships, it aims to drive financial inclusion further and empower underserved communities with seamless, secure, and efficient banking services.

Transforming Digital Banking

Expanding on the bank's financial inclusion efforts, its digital banking initiatives further enhance access and convenience for all. The Bank is committed to innovation and inclusivity, focusing on delivering seamless and secure banking services while addressing the financial needs of diverse segments of society.



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Credit: FatCamera

NSDL JIFFY

At the core of the bank's offerings is its flagship app - NSDL Jiffy, providing users with a panoramic view of account balances, transactions, and investments. This ensures that whether customers are managing funds or monitoring investments, everything they need is easily accessible.

The bank understands the importance of time, which is why its platform facilitates quick transactions through various channels like UPI, NEFT, IMPS, and RTGS. Customers' trust and the security of their transactions are the bank's foremost priorities.

Managing monthly bills and recharges is made easier through the bank's intuitive interface, ensuring that customers never miss a payment. Features like payment reminders and autopay further simplify the process.

In addition to offering digital banking services through NSDL Jiffy, the bank is dedicated to driving financial inclusion in both urban and rural areas through various other initiatives:

UPI

UPI facility is the Bank's leading product, which allows customers to make instant payments and transfers using their mobile phones. UPI enables users to link multiple bank accounts into a single mobile application, simplifying transactions such as peer-to-peer transfers, bill payments, and online shopping. NSDL Payments Bank's UPI service is known for its convenience, speed, and security, providing customers with a hassle-free way to manage their finances digitally.

DEBIT CARDS

NSDL Payments Bank emphasizes streamlined debit card services, ensuring convenience and flexibility for account holders. Accessing the debit card has been made easier with digital options, seamlessly integrated within the NSDL Jiffy app at no additional cost. For those who prefer physical cards, they can be availed with a simple request. The commitment to digital inclusion is extended to the immediate issuance of non-personalized Insta Kits with a debit card through its BC network upon account opening.

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.

ACCOUNT VALIDATION

NSDL Payments Bank has implemented robust account validation processes to ensure the accuracy of transactions. A nominal amount is deposited into the recipient's account, and once confirmed, the sender can verify that the provided account details are accurate and active. This step helps prevent errors in fund transfers and ensures that the money reaches the intended recipient securely and without delays.

INTERACTIVE VOICE RESPONSE (IVR) SERVICES

IVR services enhance customer convenience and security. Through IVR, customers can easily manage their banking needs over the phone. Key features include blocking cards, viewing transactions, requesting statements, balance inquiries, and instant PIN changes.

BLUE-COLLARED EMPLOYEES SALARY ACCOUNTS

Tailored to meet the needs of blue-collar workers, these accounts provide easy access to salaries and banking services via NSDL Jiffy, contributing to urban financial inclusion.

NSDL PAYMENTS BANK FUND PAYOUT

It is a robust solution enabling businesses to automate payments such as vendor payouts, customer refunds, and salary disbursements, by ensuring timely and reliable payments to various stakeholders, reducing dependency on manual cash transactions. Use cases include employee incentives, bank settlement for BC agents, utility payments, partner payouts, loan referrals, insurance claim settlements, mutual fund withdrawals, HR reimbursements, and tax-free employee benefits.

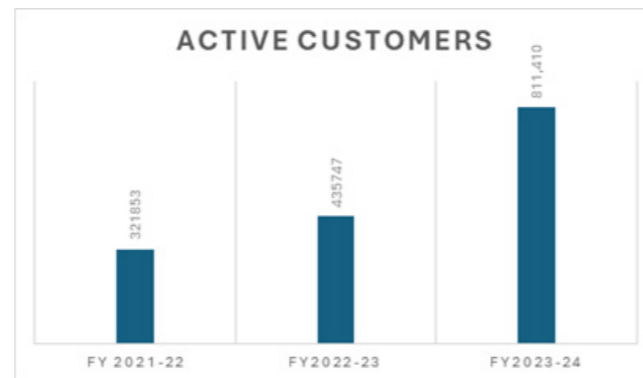
Another Year of Robust Performance

These achievements underscore NSDL Payments Bank's robust performance and its position as a key player in the digital banking sector. Having said that, the Bank's digital banking offerings extend beyond NSDL Jiffy. It also engages in third-party product distribution, initiates new business ventures, and provides comprehensive merchant services. Additionally, the Bank offers prepaid cards and, most importantly, prioritizes exceptional customer support. This diverse range of services underscores its commitment to meeting all customers' financial needs.



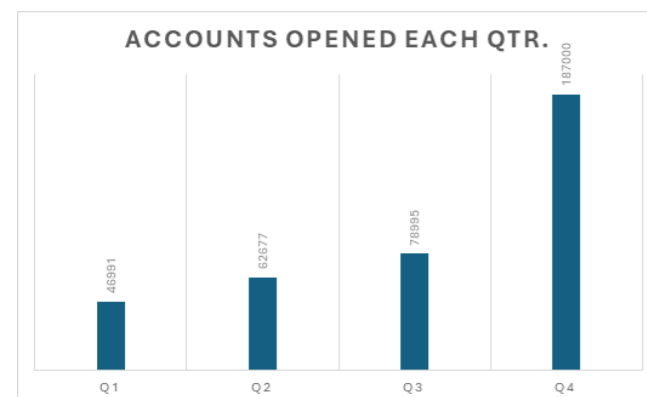
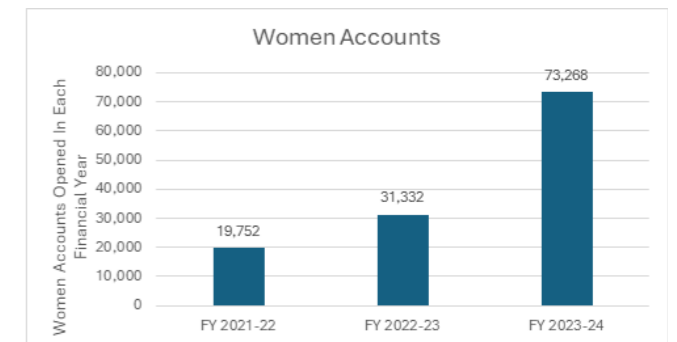
Customer Base

In the fiscal year 2023-24, NSDL Payments Bank saw significant growth in its customer base. Active customers increased from 321,853 in FY 2021-22 to 435,747 in FY 2022-23, nearly doubling to 811,410 by FY 2023-24, reflecting a substantial rise in user engagement.



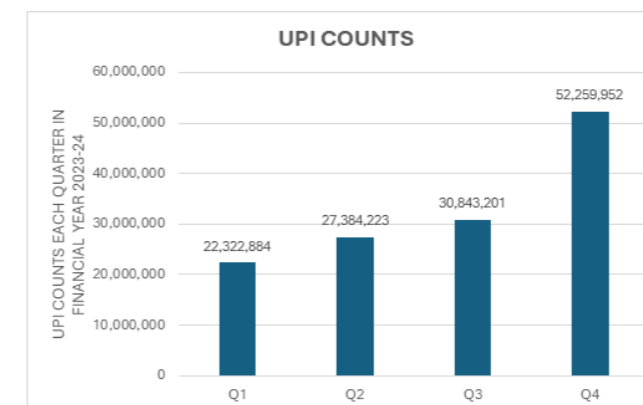
Women Accounts

In the current fiscal year, particular emphasis has been placed on opening accounts for women. This initiative stems from the bank's strong conviction that by educating and embracing women in digital banking, it will in turn enhance the financial future of generations to come.



Number of Accounts Opened

In FY 2023-24, NSDL Payments Bank witnessed a significant rise in the number of accounts opened via the Jiffy application, reaching 6.95 lakhs compared to 1.95 lakhs in the previous fiscal year. Moreover, the bank's CASA balance experienced impressive growth, soaring by 173%. This surge underscores the increasing trust and adoption of NSDL Payments Bank among users seeking convenient banking solutions.



UPI Transactions

Moreover, UPI transactions saw a significant increase, rising from over 2.23 crore transactions in Q1 to more than 5.22 crore transactions in Q4, culminating in a total of 13,28,10,260 transactions for the fiscal year 2023-24.

Making Comprehensive Financial Solutions Accessible

We believe in delivering comprehensive and inclusive financial solutions to our valued customers. We distribute third party products like mutual funds, insurance. Our merchant acquiring services prioritize digital payment solutions while our prepaid card offers efficient, secure and seamless option.

THIRD-PARTY PRODUCTS DISTRIBUTION

The bank has adopted a new strategy for distributing third-party products to meet a wide range of customer needs while promoting financial sustainability. Among the products available are mutual fund schemes and insurance plans. The bank utilizes technology-enabled delivery mechanisms at all customer touchpoints to ensure convenience and accessibility.

Focusing primarily on digital initiatives, the bank aims to streamline client onboarding and service operations. Through its digital channels, the bank now offers mutual fund schemes from 27 leading Asset Management Companies. In the life insurance sector, the bank has partnered with ICICI Prudential Life Insurance. Additionally, the bank is broadening its reach in general insurance by introducing targeted products in collaboration with HDFC Ergo General Insurance.

To improve customer experiences, the bank has implemented a Direct-to-Customer (D2C) sales fulfilment process for insurance and mutual fund products via mobile banking platforms, ensuring a seamless user experience.

The bank is continuously working on redesigning end-to-end journeys and creating a digital ecosystem for the efficient distribution of third-party products. Through these initiatives, the bank not only enhances customer satisfaction but also promotes financial sustainability by ensuring secure, efficient, and accessible financial services.

27 AMCs

Distribution of MF schemes digitally

MERCHANT SERVICES

NSDL Payments Bank is focusing on helping merchants embrace digital payments for growth. The bank can establish partnerships directly with merchants or collaborate through Payment Facilitators (Aggregators). At present, the bank is actively advancing its Aggregator model, enabling both online and offline merchants to seamlessly process card and UPI transactions. This empowers merchants to boost their sales by providing customers with the latest payment options. Currently, the bank has successfully onboarded merchants across various categories onto its Aggregator model.

To ramp up merchant acquisition, the bank is forging partnerships with multiple Payment Aggregators. Moreover, it has commenced offering UPI services to merchants, encompassing QR code, VPA push, Collect, UPI Plugin services, and IVR modalities. Looking towards 2024, NSDL Payments Bank envisions a transformation in merchant services and transaction processing. The bank is actively pursuing collaborations with new Payment Aggregators/Processors, aiming to onboard more merchants via the Aggregator model, particularly leveraging UPI QR and VPA collect formats. Furthermore, the imminent launch of UPI Static QR functionality in collaboration with the bank's payment partners will facilitate the acquisition of UPI transactions from brick-and-mortar merchants across diverse categories.

Through collaboration with various partners, the bank is addressing multiple use cases and exploring new opportunities such as Multi-Wallet Cards, Fuel Cards, Fleet Management Cards, and RuPay-On-The-Go. Moreover, adhering to interoperability guidelines, the bank is developing Add-On Cards, Parent-Child Cards, and expense management cards, enhancing transaction convenience and adaptability. With NSDL Payments Bank Prepaid Cards, the bank is reshaping the landscape of B2B payments, offering efficiency, security, and a wide range of options for businesses.

CUSTOMER ENGAGEMENT INITIATIVES

Customer service stands as a cornerstone of NSDL Payments Bank's operations, playing a pivotal role in maintaining customer satisfaction, trust, and loyalty. The commitment to exceptional customer service ensures clients receive timely, efficient, and effective support. This dedication not only aids in resolving issues promptly but also fosters positive relationships with customers, which is essential for long-term success.

The comprehensive approach to customer service includes extending call centre hours, integrating additional service numbers, enhancing backup capabilities, and implementing rigorous business continuity plans. A dedicated 24/7 cyber cell desk has also been established to promptly address queries originating from the Cyber Crime Portal.

Moreover, continuous improvements in service quality and the launch of awareness campaigns on fraud prevention aim to provide a secure and supportive environment for all customers.

In essence, customer service at NSDL Payments Bank transcends being merely a support function; it is an integral part of the business strategy, designed to deliver a seamless and satisfying experience to every customer.

PREPAID CARDS

NSDL Payments Bank is leading the charge in modernizing money transfers, with a strong focus on transforming B2B payments. This shift encompasses various areas like employee expenses, partner engagements, and reimbursements, all prioritized for innovation. One significant step in this journey is the introduction of Prepaid Cards, which serve as efficient solutions to revolutionize B2B payments. These cards come in a variety of forms, including corporate gift cards, student cards, meal cards, and payroll cards. Issued on all three networks (Mastercard, Visa, and RuPay), the prepaid cards are available both physically and virtually, gaining widespread popularity due to the bank's extensive network of program managers.

Additionally, the bank is developing a groundbreaking RuPay prepaid card, known as the National Common Mobility Card, which enables cardholders to use public transport across India where bank-issued cards are accepted. Moreover, same card can also be used for corporate expense management and for employee benefit programs. NCMC cards are usable across ATM, POS, e-commerce, and metro travel channels. In the fiscal year 2023-24, NSDL Payments Bank positioned itself as one of the leading prepaid issuer banks, accounting for roughly 8-10% of the prepaid card market share. The bank is dedicated to sustaining the growth momentum into the future.

Building Trust

To ensure the bank operates ethically, transparently, and in full adherence to regulatory requirements, a robust corporate governance is essential. NSDL Payments Bank governance framework ensures strict compliance with laws and regulations, rigorous audit processes for financial accuracy, proactive risk management, and effective human resource policies. This integrated approach supports the bank's mission and promotes sustainable growth.

FOSTERING COMPLIANCE CULTURE

In today's dynamic financial world, NSDL Payments Bank recognizes the importance of compliance. A strong compliance program safeguards its operations, protects its customers, and builds trust with all stakeholders.

This section presents an overview of the bank's robust compliance system, demonstrating the bank's proactive commitment to meeting regulatory standards while also ensuring openness, accountability, and ethical practices throughout the business.

The NSDL Payments Bank has an independent Compliance Function which monitors and ensures compliance with regulatory guidelines, applicable laws, policies, and procedures. Compliance function is responsible for regulatory compliance, governance, and enforcement. However, while implementing the policy, the Bank ensures that those who are financially or socially disadvantaged are not denied banking services.

The Bank has a comprehensive KYC, Anti Money Laundering (AML), Transaction Monitoring and Combating Financing of Terrorism (CFT) policy (based on the RBI guidelines/provisions of the Prevention of Money Laundering Act, 2002 and Prevention of Money-Laundering (Maintenance of Records) Rules, 2005) incorporating the key elements of Customer Acceptance Policy, Customer Identification Procedures, Risk Management and Monitoring of Transactions.

IDENTIFYING AND MANAGING RISKS

NSDL Payments Bank emphasizes its commitment to effective risk management to prevent business losses, protect its brand, defend the interests of stakeholders, and comply with regulations and laws. To manage risks, the bank employs several measures, including:

A FRAMEWORK OF POLICIES, PROCESSES, AND CONTROLS:

The bank has established a robust risk management structure that includes comprehensive policies, processes, and controls. This framework guides employees on identifying, assessing, and managing risks. The bank ensures these policies and controls are regularly reviewed and updated to address evolving risks and stay aligned with industry best practices.

MONITORING THE BANK'S OVERALL RISK PROFILE:

The bank proactively monitors its risk profile, continually assessing various risks such as fraud risk, IT security risk, cyber risk, third-party/vendor risk, market risk, operational risk, and liquidity risk. By identifying areas of vulnerability and implementing appropriate measures to control and mitigate these risks, NSDL Payments Bank ensures financial sustainability.

Through these measures, the bank not only enhances its resilience but also ensures long-term financial sustainability by effectively identifying and managing risks.

INTERNAL AND FINANCIAL CONTROLS

At NSDL Payments Bank, the Internal Audit function operates independently, with sufficient authority and resources. The Head of Audit reports directly to the Audit Committee of the Board, ensuring autonomy.

In line with the Reserve Bank of India's (RBI) guidelines on Risk Based Internal Audit (RBIA), the bank has adopted a comprehensive internal audit policy. This policy aligns with the bank's risk assessment framework and regulatory standards, focusing on strategic and emerging risks. The scope of RBIA includes evaluating internal control systems and ensuring compliance with external regulations.

The Internal Audit function provides an independent assessment of internal controls, risk management systems, and governance processes, ensuring adherence to policies and regulatory requirements. It includes concurrent audits for a comprehensive review, with findings and management responses regularly presented to the Audit Committee.

To support digital transformation initiatives, the Internal Audit function conducts information systems and security audits, engaging external experts as needed. The bank has also implemented technology-driven audits to enhance efficiency and effectiveness. The audit findings and management responses are reviewed by the Audit Committee.

Moreover, annually, by June 30, the bank's management submits the Long Form Audit Report (LFAR) to the RBI. The LFAR identifies and assesses gaps in business operations, risk management, compliance, and internal audits. It provides an independent opinion to the Audit Committee Board (ACB), which follows up on issues raised in the RBI's risk-based supervision and interacts with external auditors before finalizing financial accounts and reports.

NSDL Payments Bank emphasizes the importance of an independent and well-equipped Audit function. This function is critical in assessing internal and financial controls, risk management, and governance practices, ensuring compliance with both internal and regulatory guidelines.

Innovation through Inclusion

NSDL Payments Bank takes immense pride in its identity as a Digital Bank, powered by a dedicated team exceeding 150 professionals. Embracing diversity, equity, and inclusion lies at the core of its organizational ethos, which it believes is essential for sustainable growth. The bank firmly advocates for gender balance and value the unique contributions of each team member, irrespective of gender, age, ethnicity, or orientation.

Currently, women comprise 24% of its workforce, and the bank is steadfast in its commitment to augmenting this representation across all echelons of the organization. The bank firmly believe that embracing diverse perspectives and experiences cultivates an sustainable environment ripe for innovation and excellence.

24%

Woman Force Participation

Recognizing the pivotal role of the bank's employees in realizing their present and future aspirations, NSDL Payments Bank has charted a comprehensive roadmap for acquiring and nurturing talent. The bank's focus remains on fostering employee development through continuous learning, job enrichment, and robust rewards and recognition mechanisms for outstanding performance, which are essential for long-term sustainability.

Celebrating five years of service in October '23 was a momentous occasion, marked by the launch of new initiatives and accolades honoring exceptional achievements.

Throughout the fiscal year 2023-24, the bank introduced several employee-centric initiatives:

"Paathshaala": The bank's monthly knowledge sessions, led by functional heads, serve to illuminate the role of each function within NSDL Payments Bank, fostering a deeper understanding among employees.

CEO Townhall: Held quarterly, these town halls provide updates on bank operations, business strategies, and new initiatives, promoting transparent communication and engagement among the workforces.

Women's Day Celebration: Featuring Ms. Praveen Rai, COO NPCI, as a distinguished guest speaker, the Women's Day celebration was a platform for sharing experiences and insights. Additionally, a rejuvenating Yoga session was organized to promote wellness among the female employees.

Online Sessions: In collaboration with Policy Bazaar, the bank conducted online seminars on topics of interest to the employees, enriching their knowledge and fostering personal and professional growth.

The bank's commitment to employee development is further exemplified through targeted training programs conducted in the fiscal year 2023-24. These programs, focusing on critical areas such as Cybersecurity (ISMS), Prevention of Sexual Harassment (POSH), KYC-AML, and Bank Products, equipped the workforce with the requisite skills and knowledge to drive tangible outcomes.

NSDL Payments Bank firmly believes that investing in the growth and development of its employees is paramount to building a resilient and agile organization. The bank remains steadfast in its dedication to providing a supportive and inclusive workplace environment that nurtures individual talent and collective success.

Notice of Eighth Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of the Members of NSDL Payments Bank Limited will be held on Monday, August 26, 2024, at 11.30 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, 2024, 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, 2024, 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 Ms. Padmaja Chunduru (DIN: 08058663) who retires by rotation and being eligible, offers herself for re-appointment.

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

"RESOLVED THAT Ms. Padmaja Chunduru (DIN: 08058663), who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Bank."

3. To appoint M/s K Gopal Rao & Co Chartered Accountants (FRN: 000956S) as Statutory Auditors 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 pursuant to the provisions of sections 139, 141, 142 and other applicable provisions of the Companies Act, 2013, if any, read with relevant Rules and pursuant to Section 30 of the Banking Regulation Act, 1949 and the Guidelines issued by the Reserve Bank of India (RBI) including any amendments, variations, statutory modification or re-enactment thereof and as approved by RBI, M/s K Gopal Rao & Co Chartered Accountants, (FRN: 000956S) be and is hereby appointed as the Statutory Auditors of the Bank to hold office from the conclusion of this Eighth Annual General

Meeting (for FY 2023-24) till the conclusion of the Eleventh Annual General Meeting (FY 2026-27) of the Bank, and for such remuneration and expenses thereafter as may be mutually agreed between the Bank and the said Statutory Auditors and as may be further approved by the Board from time to time, with power to the Board, including relevant Committee(s) thereof, to alter and vary the terms and conditions of appointment, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

RESOLVED FURTHER THAT any Director or Company Secretary of the Bank be and are hereby severally authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies and such other regulatory authorities."

SPECIAL BUSINESS:

4. To approve the appointment of Mr. Sitaram Pothukuchi (DIN:00311538) 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 Mr. Sitaram Pothukuchi (DIN:00311538), 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 October 25, 2023 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 October 25, 2023.

RESOLVED FURTHER THAT Mr. Sitaram Pothukuchi 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 re-appointment of Mr. Patric Barla (DIN: 09268800) as an Independent Director of the Bank

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, other applicable rules, if any and other applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines issued by the Reserve Bank of India and basis the recommendation of Nomination & Remuneration Committee and approval of the Board of Directors of the Bank, Mr. Patric Barla (DIN: 09268800) in respect of whom the Bank has received a notice in writing u/s 160(1) from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Bank, not liable to retire by rotation, for the second term effective from August 07, 2024 for a period of three years.

RESOLVED FURTHER THAT Mr. Patric Barla 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 or Company Secretary of the Bank be and is hereby authorised to do all such acts, deeds, and things as may be required to give effect of this resolutions, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

6. To approve the compensation of Mr. Abhijit M. Kamalapurkar (DIN: 08849177), MD & CEO for the Financial Year 2024-2025.

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 subject to approval by RBI, the members hereby approve the remuneration of ₹2,44,00,000 with fixed pay of ₹1,22,00,000 and target variable pay of ₹1,22,00,000 apportioned as cash variable pay of ₹48,80,000 and non-cash variable pay of ₹73,20,000 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, 2024, for FY 24-25 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 & I a.
- The Company will be entitled to deduct from the payment due to you, applicable taxes and statutory levies and any dues payable by him to the Company.
- Staff Rules and Regulations and Code of Ethics framed by the Company from time to time will be applicable to him.
- If any statement, declaration, or information given by him is at any time found to be false or untrue or if any material particular is suppressed, his services are liable to be terminated forthwith without any notice or compensation in lieu thereof.
- The notice period will be three months from either side.
- His services are liable to be terminated forthwith without any notice or compensation or in the alternative, he shall be liable to disciplinary action and imposition of penalty in accordance with the Company Staff Rules if after he report for duty the Company receives information that he had, prior to joining the company's services, committed any act of misconduct which, in the opinion of the Company renders him unfit to serve in the Company.
- 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.

Notice

8. Target variable pay as Performance Linked Incentive (PLI), as may be determined by the Nomination and Remuneration Committee/ Board, not below 50% and not exceeding 150% of the fixed pay. The PLI (cash) shall be paid on deferred basis (as applicable) and PLI (non-cash) would be paid on deferred basis as per the ESOP policy of the bank and shall be subject to malus and claw back arrangements.

The MD & CEO shall be entitled to a Fixed CTC of ₹1,22,00,000/- per annum. The detailed break-up of salary components is as follows:

- Basic Pay: The MD & CEO shall be entitled to a Basic pay of ₹3,00,664/- per month.
- House Rent Allowance: 50% of the Basic Pay per month. No housing accommodation will be provided by the Company.
- Bouquet of benefits: This allowance of ₹4,33,832/- (approx.) will be paid per month and will be fully taxable.
- A Conveyance Allowance with driver salary or re-imbursment of expenses subject to a ceiling of ₹6,60,000/- per annum.
- Annual Performance Linked Incentive (PLI) as may be determined by the Nomination & Remuneration Committee/Board.
- Annual increments to be decided by the Nomination & Remuneration Committee/ Board.
- Medical benefits of ₹15,000/- every year covering self, spouse and dependent children.
- Leave Travel Allowance of one month's basic pay on reimbursement basis for each year of service.
- Group Mediclaim, Group Personal Accident and Term Life Insurance cover will be as per the company's Insurance policy.

- The company's contributions to Provident Fund would be made at the rate of 12% of basic pay.
- Gratuity is payable as per the Payment of Gratuity Act and as per rules of the company.
- Leave Encashment will be reimbursed as per the Staff Rules of the Company.
- Telephone and internet facility at the residence.
- The MD & CEO shall also be entitled to such other benefits as are made available by the Company to members of the staff from time to time.

Annexure I a

Particulars	Amount
Salary Component	Yearly
Basic (30% of Fixed CTC without gratuity)	36,07,962
BoB	
HRA (50 % of Basic)	18,03,981
Medical	15,000
LTA (1 month Basic)	3,00,664
Conveyance Allowance	6,60,000
Bouquet of Benefits	52,05,978
Employer Provident Fund	4,32,955
Fixed CTC	1,20,26,540
Gratuity	1,73,460
Total Fixed CTC	1,22,00,000
Target Variable Pay (cash)	48,80,000
Target Variable Pay (non-cash)	73,20,000
Total Target Variable pay	1,22,00,000
Total CTC	2,44,00,000

RESOLVED FURTHER THAT any Director or the Company Secretary or the Compliance Officer or the Chief Financial Officer of the Company 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**

Abhijit M. Kamalapurkar
Managing Director & CEO
DIN: 08849177

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

Place: Mumbai
Date: August 01, 2024

NOTES:

- 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.
- 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.
- 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

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

- 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).
- 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
- The Notice of AGM along with Annual Report for the financial year 2023-24, is available on the website of the Company <http://www.nsdlbank.com>

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

- Members will be able to attend the 8th AGM through VC/OAVM Facility. For this purpose, please use the Microsoft Teams Link shared in the email to join the said meeting.
- 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.
- 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
- 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.
- 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:

- 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 24, 2024, shall only be considered and responded during the AGM.
- 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.

Notice

GENERAL INFORMATION:

14. 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.
15. 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.
16. 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. 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 October 25, 2023, upon recommendation of the Nomination and Remuneration Committee, appointed Mr. Sitaram Pothukuchi (DIN:00311538) as an Additional Director (Independent Category) of the Bank with effect from October 25, 2023, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Sitaram Pothukuchi 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. Sitaram Pothukuchi for the office of Director.

Mr. Sitaram Pothukuchi was CFO of IDBI Bank. Prior to this, he was the Chief Compliance Officer, Executive Director (Strategic Investments, Audit), and Executive Director (Risk Management, Strategic Investments) of IDBI Bank. He has also served as a Nominee Director, on the Board of TGV Saarc Limited, Sunflag Iron and Steel Co Ltd, and Swarna Tollway Private Limited. He is a rank holder of ICAI graduate, batch of 1982-1985. He is a multi-skilled personality. Some of his major skills are banking, treasury, financial accounting, regulatory compliance,

strategic planning, financial reporting, business strategy, program management, research, public speaking, and project management.

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

Except Mr. Sitaram Pothukuchi, 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. 5

The Board had appointed Mr. Patric Barla as a Director of the Bank w.e.f. August 07, 2021, for a period of three years. Mr. Patric Barla has contributed immensely during the deliberations at the meetings of the Board and the Committees held during his current tenure. He brings to the Board his rich experience and insights into the matters of banking, treasury and risk management. The Bank continues to benefit immensely from his leadership and guidance. Mr. Patric Barla was appointed as an Independent Director and holds office as an Independent Director up to August 06, 2024. The Bank has received an application for the nomination of in terms of section 160 (1) for appointment of Mr. Patric Barla as an Independent Director on the Board of the Bank. Hence, it is proposed to re-appoint him as a Director on the Board of the Bank for the second term of 3 years effective from August 07, 2024. The Board at its meeting held on July 23, 2024, has approved the re-appointment of Mr. Patric Barla as Additional Director (Independent Category), based on the recommendation of the Nomination and Remuneration Committee of the Bank.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and Banking Regulations Act, 1949 for such an appointment. The Board of the Bank is of the opinion that Mr. Patric Barla is a person of integrity and has relevant experience and expertise to be re-appointed as an Independent Director of the Bank. Accordingly, based on the skills, experience, knowledge and performance evaluation of Mr. Patric Barla, the Board recommends the resolution in relation to the re-appointment of an Independent Director, for the approval by the shareholders of the Bank.

The appointment of Mr. Patric Barla is in compliance with the provisions of Section 10A of the Banking Regulation Act, 1949 ('BR Act'), in particular, on account of his having the requisite experience/expertise in the area of Banking, Treasury Management, Accountancy and Finance as required under Section 10A(2) of the BR Act. The Bank would benefit immensely from his rich experience.

Except Mr. Patric Barla, being an appointee, none of the Directors and Key Managerial Personnel of the Bank and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No. 5.

ITEM NO. 6

The Board at its meeting held on June 19, 2024, based on the recommendation of Nomination and Remuneration Committee of the Bank, approved the remuneration of MD & CEO for the Financial Year 2024-2025, subject to approval by members and RBI. The Bank proposes a remuneration of ₹2,44,00,000 with fixed pay of ₹1,22,00,000 and target variable pay of ₹1,22,00,000 apportioned as cash variable pay of ₹48,80,000 and non-cash variable pay of ₹73,20,000 as part of the remuneration to Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], Managing Director & CEO of the Bank, with effect from April 1, 2024, for FY 24-25.

The Bank vide letter NPBL/CS/24-25/06 dated June 28, 2024, made an application to RBI seeking its approval for revision in the remuneration to MD & CEO for the FY 2024-2025. The aforesaid application made by the Bank is pending with RBI for its approval.

Financial Performance:

1. Transaction Banking

AePS and Micro – ATM

The cash-out business of the bank has increased by 43%, with a throughput of ₹86,113 crore. The typical ticket amount in this business is circa ₹2,800-₹3,000 in cash withdrawal every month. AePS cash withdrawal business is part of overall 20%+ of the ecosystem (across all acquiring Banks), and Bank continued to be the top 3 acquiring banks in this industry in the previous year as well. The Bank conducts this business through its merchants and agents via corporate business correspondents or via our direct channel across PAN India, and the Bank is operating in more than 19,500 PIN codes, covering a 97%+ footprint across India.

There was a strong headwind during Q2 FY24, which added additional pressure on costs. To add a brief context, NPCI introduced a new security protocol, 2FA (2 Factor Authentication), as a security measure to make the Aadhaar-enabled payment system more secure. In accordance with the same, when the Bank added this security layer to corporate business correspondence (CBC) and merchants, it initially impacted volumes since it took a few weeks to fully implement this feature (at the merchant's end).

In spite of the headwinds on cost the business reported robust top line of ₹328 crs (43% of total gross revenue) and a net contribution of ₹10.76 crs, drop by 5% due to impact of incremental 2FA cost since payments bank were not able to pass on this cost to its CBC partners & agents.

Remittance

The Bank has recorded a robust 49% increase in domestic money remittance, which usually uses the IMPS technology to move funds from urban areas to rural areas (on the back of labour migration). The previous year's total volume stood at ₹24,454 crore. Bank's 30% of total revenue, or ₹212 crore, comes from the remittance segment, which increased 49% year over year.

Despite strong gross revenue growth, the two segments' net revenue grew only by 11%, lower compared since, this is on the back of the impact of 2FA costs, and competitive margin pressures led to a squeeze in net contribution. On a net revenue basis, both businesses (Cash out and Remittance) form 39%+ of overall revenue across all segments.

Prepaid Issuance (PPI)

Prepaid revenue accounts for 20% of total gross income, or ₹141 crores, and accounts for 29% of total contribution on a net revenue basis. The prepaid business is stable and continues to generate over ₹6,900 crore volumes each year.

Cash Management Business

This business commenced in the previous year and scaled up recording a robust growth in volumes to ₹5,500 crs +. The collection business solutions are provided to NBFC and e-commerce through SPICE (corporate BC), Bank's Cash Management solution serves our partners to threat associated with managing physical cash and further mitigates risk of cash in transit, thereby reducing collection cost. The top line generated through this business stood at ₹12 crs with an overall gross revenue of 2% and its growth.

2. Account Opening

Deposit mobilization forms the core part of the strategy and in the last 12 months the Bank has laid down the foundation and tie ups with several partners to drive CASA within the Bank. From January 2024 onwards the deposit started picking up from monthly run rate to 40,000, in February 2024 59,000 and in 86,000 by end of March 2024.

Notice

The Deposit partnership is planned in such a manner so that diversity in account opening is captured through these acquisitions, reduce concentration risk, and there is more penetration across tier cities and pockets.

During the year, the Bank grew its gross revenue by 32.7% to 7,187 crs, and expenses grew by 36.2%. ₹698 crore, closing the PBT at ₹1.71 crore, lower than the previous year due to the impact of 2FA costs and increasing margin pressure, leading to pressure on profitability as compared with the previous year.

In view of the direction by the Board and based on the recommendation of the Nomination and Remuneration Committee, a resolution seeking the Members' approval for the remuneration of Mr. Kamalapurkar effective April 1, 2024, 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 & I a.
- The Company will be entitled to deduct from the payment due to you, applicable taxes and statutory levies and any dues payable by him to the Company.
- Staff Rules and Regulations and Code of Ethics framed by the Company from time to time will be applicable to him.
- If any statement, declaration, or information given by him is at any time found to be false or untrue or if any material particular is suppressed, his services are liable to be terminated forthwith without any notice or compensation in lieu thereof.
- The notice period will be three months from either side.
- His services are liable to be terminated forthwith without any notice or compensation or in the alternative, he shall be liable to disciplinary action and imposition of penalty in accordance with the Company Staff Rules

if after he report for duty the Company receives information that he had, prior to joining the company's services, committed any act of misconduct which, in the opinion of the Company renders him unfit to serve in the Company.

- 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.
- Target variable pay as Performance Linked Incentive (PLI), as may be determined by the Nomination and Remuneration Committee/ Board, not below 50% and not exceeding 150% of the fixed pay. The PLI (cash) shall be paid on deferred basis (as applicable) and PLI (non-cash) would be paid on deferred basis as per the ESOP policy of the bank and shall be subject to malus and claw back arrangements.

ANNEXURE 1

The MD & CEO shall be entitled to a Fixed CTC of ₹1,33,14,300/- per annum. The detailed break-up of salary components is as follows:

- Basic Pay: The MD & CEO shall be entitled to a Basic pay of ₹3,28,125/- /- per month.
- House Rent Allowance: 50% of the Basic Pay per month. No housing accommodation will be provided by the Company.
- Supplementary allowance: This allowance of ₹4,78,594/- (approx) will be paid per month and will be fully taxable.
- A Company car with driver salary or re-imburement of expenses subject to a ceiling of ₹6,60,000/- per annum.
- Annual Performance Linked Incentive (PLI) as may be determined by the Nomination & Remuneration Committee/Board.

- Annual increments to be decided by the Nomination & Remuneration Committee/Board.
- Medical benefits of ₹15,000/- every year covering self, spouse and dependent children.
- Leave Travel Allowance of one month's basic pay on reimbursement basis for each year of service.
- Group Medclaim, Group Personal Accident and Term Life Insurance cover will be as per the company's Insurance policy.
- Company's contributions to Provident Fund would be made at the rate of 12% of basic pay.
- Gratuity is payable as per the Payment of Gratuity Act and as per rules of the company.
- Leave Encashment will be reimbursed as per Staff Rules of the Company.
- Telephone and internet facility at the residence.
- The MD & CEO shall also be entitled to such other benefits as are made available by the Company to members of the staff from time to time.

Annexure 1a

Particulars	Amount
Salary Component	Yearly
Basic (30% of Fixed CTC without gratuity)	36,07,962
BoB	
HRA (50 % of Basic)	18,03,981
Medical	15,000
LTA (1 month Basic)	3,00,664
Conveyance Allowance	6,60,000
Bouquet of Benefits	52,05,978
Employer Provident Fund	4,32,955
Fixed CTC	1,20,26,540
Gratuity	1,73,460
Total Fixed CTC	1,22,00,000
Target Variable Pay (cash)	48,80,000
Target Variable Pay (non-cash)	73,20,000
Total Target Variable pay	1,22,00,000
Total CTC	2,44,00,000

Your Board of Directors, therefore, recommends the passing of the special resolution as set out in Item no. 6 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.

Notice

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	Ms. Padmaja Chunduru	Mr. Sitaram Pothukuchi	Mr. Patric Barla
Category	Non - Executive Director	Independent Director	Independent Director
DIN	08058663	00311538	09268800
Date of Birth	02-08-1961	17-03-1963	06-01-1958
Qualifications	M.Com, CAIIB	B.Com & CA	MA in Economics
Experience	Ms. Padmaja Chunduru is currently the MD & CEO of NSDL and has been responsible for setting and achieving the overall strategic agenda of Indian Bank, focused on delivering growth and enhancing value. During her tenure, she executed the merger of two equal sized banks -Allahabad Bank with Indian Bank - with critical differences in organizational culture, operations, and IT stack. This included managing organizational and cultural change, driving operational efficiencies, as well as managing the Board and key stakeholders.	Mr. Sitaram Pothukuchi was the CFO of IDBI Bank. Prior to this, he was the Chief Compliance Officer, Executive Director (Strategic Investments, Audit), and Executive Director (Risk Management, Strategic Investments) of the company. As a Nominee Director, he was previously associated with TGV Saarc Limited, Sunflag Iron and Steel Co Ltd, and Swarna Tollway Private Limited. He is a multi-skilled personality. Some of his major skills are banking, treasury, financial accounting, regulatory compliance, strategic planning, financial reporting, business strategy, program management, research, public speaking, and project management.	Mr. Patric Barla was professional central banker with working knowledge / experiences for over 31 years in various offices / departments of RBI in different capacities, thereby acquiring good expertise / skills in the areas of Regulation and Supervision of banks/Fls/ NBFCs, Inspection Follow-up & Compliance, Financial Inclusion and development, Consumer Education & Protection, Currency Management, Banking Ombudsman Scheme, Customer Services & Grievance Redressal Mechanism, Government Banking, etc.
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.	Re-appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.
Remuneration Details	NIL	Sitting Fees	Sitting Fees
Date of first appointment on the Board	September 25, 2021	October 25, 2023,	August 07, 2021,
Shareholding in the Company	NIL	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None	None
Number of Board meetings attended during the year 2023-24	5/5	2/2	5/5
List of another Directorship held	National Securities Depository Limited (NSDL) NSDL Database Management Limited (NDML)	NA	ASA International India Microfinance Limited
Chairman/Member of the Committees of Board of other Companies	Member Committee (NSDL) Corporate Social Responsibility Committee (NSDL) Stakeholder Relationship Committee (NSDL) IPO Committee (NSDL) Nomination and Remuneration Committee (NDML) Audit Committee (NDML) Corporate Social Responsibility Committee (NDML)	NIL	Audit Committee (ASA International India Microfinance Limited) Risk Management Committee (ASA International India Microfinance Limited) Nomination and Remuneration Committee (ASA International India Microfinance Limited)
Chairman/Member of the Committees of Board of the Company	IT Strategy Committee (Member) Nomination and Remuneration Committee (Member)	Audit Committee (Chairman)	Audit Committee (Member) Risk Management Committee (Member) Customer Service Committee (Member) Nomination and Remuneration Committee (Member)

Director's Report

for the year ended March 31, 2024

To the Members,

Your directors have the pleasure of presenting the 8th Annual Report along with the Audited Financial Statements of your Bank for the year ended March 31, 2024.

FINANCIAL POSITION

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

Particulars	₹ in Lakh	
	23-24	22-23
Total income	71,969.40	54,120.51
Total expenses	71,798.26	53,311.02
Profit / (Loss) for the year	171.14	809.49
Loss brought forward	(3,808.13)	(4,415.25)
Appropriation	(171.14)	(202.37)
Total Loss After Tax	(3,808.13)	(3,808.13)
Basic & diluted EPS	0.10	0.45

The comparative financial information of the Bank for the year ended March 31, 2024, has been included as per the Banking Regulation Act, 1949.

The performance of the Bank improved with the total income increasing to ₹719.69 crores in FY 2023-24 from ₹541.21 crores in the previous year. The Profit after tax for the year ended March 31, 2024, stood at ₹1.71 crores as compared to Profit of ₹8.09 crores in the previous year due to the impact of cost of 2 factor authentication (2FA) imposed by Unique Identification Authority of India (UIDAI) and increasing margin pressure.

No material changes and commitments have occurred after the close of the year till the date of this Report, which affect 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, 2024.

TRANSFER TO GENERAL RESERVES

During the year under review, your Bank has made an appropriation of ₹0.43 crores (March 31, 2023: 2.02 crores) out of profits for the year ended March 31, 2024, 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 ₹1.28 crores (March 31, 2023: Nil) out of the

profits for the year ended March 31, 2024, 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, 2024, the paid-up share capital stood at Rs.180 crores comprising of 18,00,00,000 equity shares of Rs.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. 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 related to Auditors and their Reports are as under:

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2024:

M/s. V Sankar Aiyar and Co, Chartered Accountants, has conducted a Statutory Audit of the Financial Statements of the Bank for the financial year ended March 31, 2024. The Notes referred to in the Auditor's Report are self-explanatory. There are no

Boards' Report

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

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.

No complaints were received during FY 2023-24.

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, 2024, the Bank has Seven (7) 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 October 11, 2017, have approved the appointment of Dr. Santanu Paul (DIN: 02039043) as an Independent Director of the Bank for a period of three consecutive years. Mr. Santanu Paul was re-appointed on June 12, 2020, for a period of three consecutive years commencing from June, 12, 2020 to October 12, 2023. Further, Mr. Santanu Paul tendered his resignation from the Board of the Bank effective from August 31, 2023.

The Members at their AGM held on October 11, 2017, have approved the appointment of Mr. Ravi Sankar (DIN: 00185931) as an Independent Director of the Bank for a period of three consecutive years.

Mr. Ravi Sankar was re-appointed on June 12, 2020, for a period of three consecutive years commencing from June 12, 2020, to October 12, 2023. On completion of second term Mr. L Ravi Sankar ceased to be a director of the Bank w.e.f. October 12, 2023.

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. Dhananjaya Arvind Tambe (DIN: 07260971) as an Additional Director (Independent Category) of the Bank for a period of three consecutive years with effect from April 25, 2023, up to April 24, 2026 (both days inclusive). The members at the Seventh Annual General Meeting further approved the appointment of Mr. Tambe as Director (Independent Category) for the period as aforementioned. On receipt of RBI approval dated November 21, 2023, Mr. Dhananjaya A. Tambe, Independent Director, took charge as Part Time Chairman of the Bank w.e.f. February 01, 2024.

The Members at their AGM held on September 27, 2021, have 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 upto August 06, 2024. The Board at its meeting held on July 23, 2024, based on the recommendations of the Nomination and Remuneration Committee, has approved the appointment of Mr. Barla as Additional Director (Independent Category) of the Bank upto ensuing 8th Annual General Meeting and for a second term of three years commencing from the August 07, 2024, subject to approval by the members of the Bank. The resolution seeking his appointment as an Independent Director of the Bank for a term of three consecutive years commencing from August 07, 2024, 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 8th AGM Notice.

In accordance with the provisions, of the Companies Act, 2013, and RBI Regulations, the Board appointed Mr. Sitaram Pothukuchi as an Additional Director in the capacity of Independent Director of the Bank w.e.f. October 18, 2023, via circular resolution. Further, the Board also approved his appointment as an Independent Director of the Bank for a period of three consecutive years with effect from October 18, 2023, up to October 18, 2026 (both days inclusive), subject to approval of the Members. The resolution seeking his appointment as an Independent Director of the Bank w.e.f. October 18, 2023, for a term of three consecutive years

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. V Sankar Aiyar and Co, Chartered Accountants, (Firm Registration No. 109208W) ("VSA") had been appointed as the auditor of the Bank for a period of three years, subject to approval by RBI at annual intervals. The 3-year term of the auditor is expiring at the ensuing Annual General Meeting.

The Board has recommended the appointment of M/s K. Gopal Rao & Co, Chartered Accountants (FRM: 000956S) as the Statutory Auditors of the Bank to hold office from the conclusion of the ensuing Annual General Meeting to be held for the financial year 2023-2024. The consents of the Auditors along with the certificate under Section 139 of the Act and applicable RBI Guideline have been obtained from the Auditors to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Bank. The Board recommends the appointment of M/s K. Gopal Rao & Co, Chartered Accountants (FRM: 000956S) as Statutory Auditors of the Bank.

Necessary resolution for appointment of the said Auditors is included in the Notice of the Annual General Meeting for seeking approval of members.

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, 2024. 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 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, 2024.

RISK MANAGEMENT AND INSURANCE

Considering various risks involved, an Executive 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.

Boards' Report

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 and Statutory 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 2023-24 the Committee met nine times on April 24, 2023, April 25, 2023, June 15, 2023, July 17, 2023, July 21, 2023, October 30, 2023, October 31, 2023, January 23, 2024, and January 24, 2024, respectively. The details of composition and attendance of members of the Audit Committee are given hereunder: -

Name of the member	Designation	24/04/2023	25/04/2023	15/06/2023	17/07/2023	21/07/2023	30/10/2023	31/10/2023	23/01/2024	24/01/2024
Mr. Sitaram Pothukuchi	Chairman	-	-	-	-	-	P	P	P	P
Mr. N.S. Venkatesh	Member	P	A	P	P	A	P	P	P	P
Mr. Patric Barla	Member	P	P	P	P	P	P	P	P	P
Mr. L Ravi Sankar	Chairman	P	P	P	P	P	-	-	-	-

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 Ms. Padmaja Chunduru as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013. The Committee met five times during the year on April 24, 2023; June 15, 2023, July 17, 2023, October 30, 2023, and January 22, 2024. Details of compositions and attendance of each member at the Committee Meetings held during the year are as follows:

Name of the members	Designation	25/04/2023	15/06/2023	17/07/2023	30/10/2023	22/01/2024
Ms. Padmaja Chunduru	Chairman	P	P	P	P	P
Mr. Patric Barla	Member	-	-	-	P	P
Mr. Dhananjaya Tambe	Member	-	-	-	P	P
Dr. Santanu Paul	Member	P	P	P	-	-
Mr. L Ravi Sankar	Member	P	P	P	-	-

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
- Capital Raising Committee of the Board

ii) Executive-level Committees

- Executive Risk Management Committee
- Product and Process Approval Committee

- Assets-Liability Management Committee
- IT, Information & Cyber Security Committee
- Standing Committee on Customer Service
- Investment Committee
- Audit Committee of Executives
- Procurement Committee
- Pricing Committee
- Working Committee on Capital Raising

commencing from October 18, 2023, 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 8th AGM Notice.

2024, conveyed its approval for re-appointment of Mr. Abhijit M. Kamalapurkar (DIN: 08849177) as Managing Director & CEO of the Bank for a period of three years w.e.f March 09, 2024.

In terms of Section 35B of the Banking Regulation Act, 1949, the RBI vide its letter dated February 07,

During the year under review, there has been no change in the Directors of the Bank other than those disclosed 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 25, 2023; June 15, 2023; July 21, 2023; October 31, 2023, and January 23, 2024, Details of attendance of each director at the Board Meetings held during the financial year 2023-24 are as follows:

Name of the Director	Category	25/04/2023	15/06/2023	21/07/2023	31/10/2023	23/01/2024
Mr. Sitaram Pothukuchi*	Independent	-	-	-	P	P
Mr. Dhananjaya Tambe	Independent	-	P	P	P	P
Mr. N.S. Venkatesh	Independent	A	P	A	P	P
Dr. (Mrs) Bala Krishnamoorthy	Independent	A	P	P	P	P
Ms. Padmaja Chunduru	Non-Executive	P	P	P	P	P
Mr. Patric Barla	Independent	P	P	P	P	P
Mr. Ravi Sankar^	Independent	P	P	P	-	-
Dr. Santanu Paul#	Independent	P	P	P	-	-
Mr. Abhijit M Kamalapurkar	Executive (MD & CEO)	P	P	P	P	P

* Mr. Sitaram Pothukuchi as an Additional Director in the capacity of Independent Director of the Bank w.e.f October 18, 2023.

#Dr. Santanu Paul Resigned from the Board w.e.f. August 31, 2023.

^Mr Ravi Sankar retired from the Board w.e.f October 30, 2023.

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 there under 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.

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. Jigar H. Shah	Chief Financial Officer
Mr. Balan Santosh Parthasarathy	Company Secretary

* Mr. Abhijit M. Kamalapurkar was re-appointed as MD & CEO of the Bank vide RBI approval dated February 07, 2024.

CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of Section 135(1) of the Companies Act, 2013 read with Rule 3 of the Companies (Corporate Social Responsibility) Rules, 2014, every company having net worth of ₹500 Crore or more, or turnover of ₹1,000 Crore or more or a net profit of ₹5 Crore or more during the immediately preceding financial year shall formulate a CSR Policy and constitute a Corporate Social Responsibility Committee ("CSR Committee") of the Board consisting of 3 or more directors, out of which at least one director shall be an independent director.

The Bank was exempted from constituting CSR Committee and functions of the Committee are discharged by the Board as per the provisions of Section 135 of the Companies Act, 2013. Further, the Bank has adopted CSR Policy pursuant to the above requirements and the same is uploaded on the website of the Bank.

Since the average total of profit after tax for the 3 immediately preceding financial years was negative, the Bank was not required to spend any amount towards CSR activities in the financial year 2023-24.

Disclosures, required under Rule 8(1) of the Companies (Share capital and debenture) Rules, 2014 relating to Annual Report on CSR is annexed herewith as "Annexure 3".

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.

Boards' Report**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 -**

During the year under review, the Bank conducted 'Bottles for Change' Program aimed at educating the employees at the Bank about the correct ways of using and disposing plastic by recycling and thereby achieving a cleaner and safer environment. Further, the Bank has a policy of switching off power after office time in those areas where staff have left for the day. Staff are strictly instructed to switch off their monitors before they leave for the day. The Bank also maintains the air conditioning temperatures to conserve energy. The Bank continuously strives to optimize its energy usage and efficiency. The nature of business is purely service oriented and does not require substantial energy consumption.

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/Draft-MGT-7-for-FY-2023-24.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

Dhananjaya Tambe

Chairman

DIN: 07260971

Abhijit M. Kamalapurkar

MD & CEO

DIN: 08849177

Place: Mumbai

Date: July 23, 2024

Annexure 1

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

DETAILS OF EMPLOYEE STOCK OPTION PLAN 2022

Sr No.	Particulars	ESOP 2022
1	Options granted	21,93,396
2	Options vested	5,06,021
3	Options exercised	NIL
4	The total number of shares arising as a result of exercise of option	NIL
5	Options lapsed	6,60,000
6	The exercise price	₹19.05
7	variation of terms of options	NA
8	money realized by exercise of options	NA
9	total number of options in force	74,66,604
10	employee wise details of options granted to:	
	a. key managerial personnel.....	7,23,396
	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, 2024

[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 authorized 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, 2024 (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, 2024 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**)

Annexure 'A'

- 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 (a few meetings were 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

Saurabh Agarwal

Designated Partner

FCS: F9290

CP: 20907

PR: 2826/2022

UDIN: F009290F000182529

Date: April 19, 2024
Place: Mumbai

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.

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 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.
- 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

Saurabh Agarwal

Designated Partner

FCS: F9290

CP: 20907

PR: 2826/2022

UDIN: F009290F000182529

Date: April 19, 2024

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 3

[pursuant to Rule 8(1) of the Companies (Corporate Social Responsibility) Rules, 2014]

REPORT ON CSR ACTIVITIES

1. BRIEF OUTLINE ON CSR POLICY OF THE BANK-

Corporate Social Responsibility (CSR) is infused as an action point across all activities of the Bank. Through adopting the CSR Policy, the Bank aspires to impact the lives of all its stakeholders, including consumers, communities, and society. The Bank's canvas of CSR includes several spheres of influence, including financial literacy for young students, environment, employee welfare, child education, and women empowerment.

The CSR policy functions as a guiding principle to define CSR objectives and goals with specific mention of verticals where the Bank can carry out the planned activities in a project mode. The implementation plans are worked out with built-in processes for monitoring and evaluating the activities to ensure active compliance and governance with the spirit of the law, ethical standards, and prescribed norms.

The Bank's CSR projects/programs/activities are executed inclusively and do not differentiate the target beneficiaries based on caste, creed, religion, region, language, or other criteria. The Bank strives to involve/engage its employees/ employees of group companies to nurture a culture of "compassionate care and contributing to society" to enable them to fulfil social commitments satisfactorily.

2. COMPOSITION OF CSR COMMITTEE-

Pursuant to exemption provided in Section 135(1) of the Companies Act, 2013, the Bank has not constituted the CSR Committee and the functions of such Committee is discharged by the Board.

3. WEB-LINK FOR DISCLOSURE OF COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ON THE WEBSITE OF THE COMPANY-

Composition of CSR Committee- NA

CSR Projects of the Bank- NA

CSR Policy of the Bank- https://nsdlbank.com/assets/layouts/pdf/CSR_Policy.pdf

4. EXECUTIVE SUMMARY ALONG WITH WEB-LINK OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE- NOT APPLICABLE

5. (a) Average net profit of the Bank for immediately preceding three financial years: ₹(396.12) Lakh

(b) Two percent of average net profit of the company as per section 135(5)- NIL

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- NIL

(d) Amount required to be set off for the financial year- NIL

(e) Total CSR obligation for the financial year (b+c-d)- NIL

6. (a) Amount spent on CSR Projects (both Ongoing Projects and Other than Ongoing Projects)- NA

Details of CSR amount spent against **other than ongoing projects** for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration Number
-	-	-	-	-	-	-	-	-	-
Total						-			

- (b) Amount spent in Administrative Overheads- NIL
(c) Amount spent on Impact Assessment, if applicable- Not applicable
(d) Total amount spent for the Financial Year [(a)+(b)+(c)] - NIL
(e) CSR amount spent or unspent for the Financial Year-

The below table shows the amount spent by the Bank against its CSR obligation for FY 2023-24.

Total Amount Spent for the Financial Year 2023-24 (in Rs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
NIL	N.A.	N.A.	N.A.	N.A.	N.A.

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

Sr. No.	Particular	Amount (In ₹ in Lakh)
1	2	3
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	NIL
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

7. DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Sr. No.	Preceding Financial Year (s)	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount Transferred to any fund specified under Schedule VII as per Section 135 (6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Name of the Fund	Amount (in ₹)	Date of Transfer		
1	2020-21	-	-	N.A.	N.A.	N.A.	N.A.	-	-
2	2021-22	-	-	N.A.	N.A.	N.A.	N.A.	-	-
3	2022-23	-	-	N.A.	N.A.	N.A.	N.A.	-	-
Total		-	-	-	-	-	-	-	-

Further, it is to be noted that the below mentioned sections in the CSR Annexure-II are not applicable while reporting in the prescribed format and hence, the details in these respective sections are not furnished.

- Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year- N.A.
- Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.-N.A.

For and on behalf of the Board of Directors

Dhananjaya Tambe

Abhijit M. Kamalapurkar

Place: Mumbai

Chairman

MD & CEO

Date: July 23, 2024

DIN: 07260971

DIN: 08849177

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 comprise the Balance Sheet as at March 31, 2024, 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, 2024, and its profit, and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

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 responsibilities 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 flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
3. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

- c) The balance sheet, 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 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 March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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 to 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 to 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 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 books 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) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **V. Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn. No. 109208W

Place: Mumbai
Dated: April 19, 2024
UDIN: 24514998BKCSXX5014

Karthik Srinivasan
Partner
Membership No. 514998

Annexure A to the Independent Auditor's Report

[referred 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, 2024 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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 the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Bank has, in all material respects, 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, 2024, 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 V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Place: Mumbai
Dated: April 19, 2024
UDIN: 24514998BKCSXX5014

Karthik Srinivasan
Partner
Membership No. 514998

Balance Sheet

as at March 31, 2024

(₹ in Lakh)			
Capital & Liabilities	Schedule No.	As at March 31, 2024	As at March 31, 2023
Capital	1	18,000.00	18,000.00
Employee Stock options outstanding		52.03	12.97
Reserves and Surplus	2	(3,434.62)	(3,605.76)
Deposits	3	5,933.82	2,172.80
Borrowings	4	-	-
Other Liabilities and Provisions	5	12,760.74	22,611.64
TOTAL		33,311.97	39,191.65
ASSETS			
Cash and Balances with Reserve Bank of India	6	8,309.81	15,457.61
Balances with banks and money at call and short notice	7	3,101.83	4,319.90
Investments	8	14,988.37	14,414.71
Advances	9	-	-
Fixed Assets	10	2,290.00	1,302.37
Other Assets	11	4,621.96	3,697.06
TOTAL		33,311.97	39,191.65
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 **V.Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn. No. 109208W

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

Karthik Srinivasan
Partner
Membership No. 514998

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
DIN: 00311538

Padmaja Chunduru
Director
DIN: 08058663

Place: Mumbai
Date: April 19, 2024

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Jigar Shah
Chief Financial Officer
M.No. 143856

Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

Profit and Loss Account

for the year ended March 31, 2024

(₹ in Lakh)			
Particulars	Schedule No.	For the year ended March 31, 2024	For the year ended March 31, 2023
I INCOME			
Interest Earned	13	1,175.22	889.92
Other Income	14	70,794.18	53,230.59
TOTAL		71,969.40	54,120.51
II EXPENDITURE			
Interest Expended	15	83.10	36.95
Operating Expenses	16	71,686.49	53,150.06
Provisions and Contingencies	17	28.67	124.01
TOTAL		71,798.26	53,311.02
III PROFIT/LOSS			
Net Profit / (Loss) for the year		171.14	809.49
Profit brought forward		(3,808.13)	(4,415.25)
TOTAL		(3,636.99)	(3,605.76)
IV APPROPRIATIONS			
Transfer to Statutory Reserve		42.79	202.37
Transfer to Investment Fluctuation Reserve		128.35	-
Balance carried over to Balance Sheet		(3,808.13)	(3,808.13)
TOTAL		(3,636.99)	(3,605.76)
Earnings per equity share (face value ₹ 10 each)	19 (2.7)		
- Basic (₹)		0.10	0.45
- Diluted (₹)		0.10	0.45
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 **V.Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn. No. 109208W

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

Karthik Srinivasan
Partner
Membership No. 514998

Dhananjaya Tambe
Chairman
DIN: 07260971

Sitaram Pothukuchi
Director
DIN: 00311538

Padmaja Chunduru
Director
DIN: 08058663

Place: Mumbai
Date: April 19, 2024

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Jigar Shah
Chief Financial Officer
M.No. 143856

Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

Cash Flow Statement

for the year ended March 31, 2024

Sr. No.	Particulars	₹ in Lakh	
		For the year ended March 31, 2024	For the year ended March 31, 2023
I	Cash Flow from Operating Activities		
	Net profit for the year (before taxes)	171.14	809.49
	Adjustments for:		
	Add : Non-cash expenditure		
	- Intangible assets under development written off	-	24.95
	- Provision for bad and doubtful debts	28.67	99.06
	- Depreciation	426.46	459.59
	- Stock based compensation cost	39.06	12.97
	Cash Flow before Changes in Working Capital	665.33	1,406.06
	Adjustments for working capital changes		
	- Deposits	3,761.02	871.31
	- Other Liabilities	(9,879.56)	12,387.51
	- Other Assets	(869.44)	(2,193.95)
	- Direct Taxes (Net)	(55.46)	8.90
	- (Increase)/Decrease in AFS Investments	(573.66)	(7,036.92)
	Cash generated from Operating Activities	(6,951.77)	5,442.91
II	Cash Flow from Investing Activities		
	Addition to Other Fixed Assets	(1,303.60)	(632.65)
	(Addition)/Deletion to Capital Work in Progress	(110.50)	-
	Cash generated from Investing Activities	(1,414.10)	(632.65)
III	Cash Flow from Financing Activities		
	Proceeds of share issue	-	-
	Cash generated from financing Activities	-	-
IV	Increase/Decrease during the year	(8,365.87)	4,810.26
V	Opening Cash and Cash Equivalents	19,752.51	14,942.25
VI	Closing Cash and Cash Equivalents	11,386.64	19,752.51
	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)	8,309.81	15,457.61
(ii)	Balances with Banks in Current Accounts (Refer Schedule 7)	3,101.83	4,319.90
(iii)	Less: Lien on Fixed Deposits	25.00	25.00
	Cash and cash equivalents at the end of the year	11,386.64	19,752.51

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 **V.Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Regn. No. 109208W

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

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Director
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Place: Mumbai
Date: April 19, 2024

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

Jigar Shah
Chief Financial Officer
M.No. 143856

Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

SCHEDULE 1 - CAPITAL

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
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

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. Statutory Reserve		
(i) Opening Balance	202.37	-
(ii) Addition during the year	42.79	202.37
(iii) Deduction during the year	-	-
Total	245.16	202.37
2. Investment Fluctuation Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	128.35	-
(iii) Drawdown during the year	-	-
Total	128.35	-
3. Balance in Profit & Loss Account	(3,808.13)	(3,808.13)
TOTAL	(3,434.62)	(3,605.76)

SCHEDULE 3 - DEPOSITS

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
A. 1. Demand Deposits		
i) From Banks (Note-1)	151.65	44.91
ii) From Others	783.70	345.52
Total	935.35	390.43
2. Savings Bank Deposits	4,998.47	1,782.37
3. Term Deposits		
i) From Banks	-	-
ii) From Others	-	-
Total	-	-
TOTAL	5,933.82	2,172.80
B. i. Deposits of Branches in India	5,933.82	2,172.80
ii. Deposits of Branches outside India	-	-
TOTAL	5,933.82	2,172.80

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

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

SCHEDULE 4 - BORROWINGS

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Subordinated debt	-	-
Total	-	-
2. Borrowings outside India	-	-
TOTAL	-	-

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. Bills Payable	-	-
2. Inter Office Adjustments (Net)	-	-
3. Interest Accrued	-	-
4. Others (Including Provisions)	12,760.74	22,611.64
TOTAL	12,760.74	22,611.64

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. Cash in hand	-	-
2. Balances with Reserve Bank of India		
(i) In Current Account	3,591.97	10,225.16
(ii) In Other Accounts	4,717.84	5,232.45
TOTAL	8,309.81	15,457.61

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

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. In India		
(i) Balances with Banks		
a) In Current Accounts	126.83	295.18
b) In other Deposit Accounts	2,975.00	2,525.00
(ii) Money at Call and Short Notice		
a) With Banks	-	-
b) With Other Institutions	-	1,499.72
Total	3,101.83	4,319.90
2. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

TOTAL	3,101.83	4,319.90
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SCHEDULE 8 - INVESTMENTS

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
1. Investments in India (Gross)	14,988.37	13,472.53
Less - Provision for depreciation	-	-
Total	14,988.37	13,472.53
Investments in India in -		
(i) Government Securities	14,988.37	13,472.53
(ii) Other Approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures & Bonds	-	-
(v) Subsidiaries and / or Joint Venture	-	-
(vi) Others	-	942.18
Total	14,988.37	14,414.71
2. Investments Outside India		
(i) Government Securities	-	-
(ii) Subsidiaries and / or Joint Venture	-	-
(iii) Others	-	-
Total	-	-
TOTAL	14,988.37	14,414.71

SCHEDULE 9 - ADVANCES

Particulars	₹ in Lakh	
	As at March 31, 2024	As at March 31, 2023
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	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

SCHEDULE 10 - FIXED ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2024	As at March 31, 2023
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	2,768.09	2,118.41
(ii) Additions during the year	1,303.60	704.74
(iii) Deductions during the year	(11.52)	(55.06)
(iv) Accumulated Depreciation to date	(2,079.71)	(1,664.76)
Total	1,980.46	1,103.33
3. Capital Work in Progress	309.54	199.04
TOTAL (1+2+3)	2,290.00	1,302.37

SCHEDULE 11 - OTHER ASSETS

Particulars	(₹ in Lakh)	
	As at March 31, 2024	As at March 31, 2023
1. Inter-Office Adjustment (Net)	-	-
2. Interest Accrued	544.79	544.04
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	140.51	85.05
4. Stationery and Stamps	-	-
5. Deferred Tax Assets (Net)	-	-
6. Others	3,936.66	3,067.97
TOTAL	4,621.96	3,697.06

SCHEDULE 12 - CONTINGENT LIABILITIES

Particulars	(₹ in Lakh)	
	As at March 31, 2024	As at March 31, 2023
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

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

SCHEDULE 13 - INTEREST EARNED

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Interest / Discount on Advances / bills	-	-
2. Income on Investments	930.14	618.24
3. Interest on balance with RBI and Other Inter bank funds	196.90	248.88
4. Others	48.18	22.80
TOTAL	1,175.22	889.92

SCHEDULE 14 - OTHER INCOME

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Commission, Exchange and Brokerage	70,795.90	53,230.14
2. Profit on sale of Investments (Net)	0.80	2.01
3. Profit on exchange transactions (Net)	(2.52)	(1.56)
4. Miscellaneous Income	-	-
TOTAL	70,794.18	53,230.59

SCHEDULE 15 - INTEREST EXPENDED

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Interest on Deposits	64.26	35.43
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	-	-
3. Others	18.84	1.52
TOTAL	83.10	36.95

SCHEDULE 16 - OPERATING EXPENSES

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Payments to and provisions for employees	2,345.80	2,035.74
2. Rent, taxes and lighting	201.18	238.33
3. Printing and stationery	2.32	1.33
4. Advertisement and publicity	-	9.03
5. Depreciation on banks property	426.46	459.59
6. Director's fees Allowances and expenses	72.00	78.82
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	36.70	27.54
8. Law Charges	-	-
9. Postage, Telegrams, Telephones, etc.	10.17	10.48
10. Repairs and maintenance	669.49	441.75
11. Insurance	75.94	64.02
12. Other Expenditure	67,846.43	49,783.43
TOTAL	71,686.49	53,150.06

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

SCHEDULE 17 – PROVISIONS AND CONTINGENCIES

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2024	For the year ended March 31, 2023
1. Provision for bad and doubtful debts	28.67	99.06
2. Intangible Assets under development / Assets written off	-	24.95
TOTAL	28.67	124.01

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 "₹" 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

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)

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.)

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Basis of Classification:

Investments that are held principally for sale within a short period are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days, are reclassified as AFS securities.

All other investments are classified as AFS securities.

Acquisition cost:

The transaction costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account. Broken period interest on debt instruments and government securities are considered as a revenue item under Profit and Loss account as per RBI guidelines. Cost of Investments is based on first in first out method.

Valuation:

Investments are marked to market on a periodical basis as per relevant RBI guidelines. The market or fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the market price of the scrip as available from the trades or quotes on the stock exchanges, SGL account transactions, and price list of RBI or prices declared by Financial Benchmark India Private Limited (FBIL) as at the year end.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head Income from investments as per the RBI guidelines. The provision are made for a diminution other than temporary, in the value of investments classified under HTM. Non-performing investments are identified, and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

The market or fair value of unquoted government securities included in the 'AFS' and 'HFT' categories is determined as per the price published by FBIL. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment

classification is ignored, except to the extent of depreciation previously provided.

Treasury Bills, being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions of securities.

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 ₹ 2 lakhs from April 7, 2021 by RBI as against the previous limit of ₹ 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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

Fixed assets having value of ₹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.

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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

18. Revised guidelines issued from Reserve Bank of India but not yet effective

The Reserve Bank of India (RBI) issued revised regulatory guidelines on investment classification and valuation viz the Master Directions – Classification, Valuation and Operations of Investment Portfolio of Commercial Banks (Directions), 2023 (2023 guidelines) on September 12, 2023. These guidelines are applicable from April 1, 2024.

To increase the consistency and comparability in fair value measurements and related disclosures, the 2023 guidelines have prescribed that the investment portfolio needs to be bifurcated into three fair value hierarchies - Level 1, Level 2 and Level 3. Disclosures pertaining to fair valuation has also been prescribed.

Initial recognition

All investments should be measured at fair value on initial recognition. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it must be presumed that in most cases, the acquisition cost is the fair value. As per the 2021 regulations, investments are initially recognised at acquisition cost.

Subsequent measurement

The 2023 guidelines state that:

The securities held under HTM should be carried at cost and not be Marked to Market (MTM) after initial recognition. Any premium/ discount on these securities will be amortised over the remaining useful life of the instrument.

The securities held under AFS should be fair valued at least on a quarterly basis, if not more frequently.

Securities that are classified under the HFT sub-category within FVTPL should be fair valued on a daily basis, whereas other securities in FVTPL need to be fair valued at least on a quarterly basis, if not more frequently.

Investments in subsidiaries, associates and joint ventures should be held at acquisition cost.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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

Particulars	As at March 31, 2024	As at March 31, 2023
i) Common Equity Tier-1 capital	131.71	131.97
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	131.71	131.97
iv) Tier 2 capital (%)	-	-
v) Total capital (Tier 1+Tier 2)	131.71	131.97
vi) Total Risk Weighted Assets (RWAs) (₹ in crores)	56.28	43.14
vii) CET 1 Ratio (CET 1 as a percentage of RWAs)/ Paid Up share capital and reserves as percentage of RWAs(%)	234.00%	305.89%
viii) Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	234.00%	305.89%
ix) Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	-	-
x) Capital to Risk Weighted Assets Ratio (CRAR) (%)	234.00%	305.89%
xi) Leverage Ratio (%)	51.50%	38.50%
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, 2024

1.2 Investments

Composition of Investment Portfolio as at March 31, 2024:

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

(₹ in Crores)

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Composition of Investment Portfolio as at March 31, 2023:

	(₹ 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 investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Investments outside India	Total Investments
Held to Maturity											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Available for Sale											
Gross	134.73	-	-	-	-	9.42	-	-	-	-	144.15
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	134.73	-	-	-	-	9.42	-	-	-	-	144.15
Held for Trading											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Total Investments	134.73	-	-	-	-	9.42	-	-	-	-	144.15
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	134.73	-	-	-	-	9.42	-	-	-	-	144.15

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	(₹ in Crores)	
	As at March 31, 2024	As at March 31, 2023
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	-	-
b) Add: Amount transferred during the year	1.28	-
c) Less: Drawdown	-	-
d) Closing balance	1.28	-
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	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, 2024			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year*	Outstanding as on March 31, 2024
a) Securities sold under repo				
Government securities	-	-	-	-
Corporate debt securities	-	-	-	-
Any other securities	-	-	-	-
b) Securities purchased under reverse repo				
Government securities	5.00	15.00	6.78	-
Corporate debt securities	-	-	-	-
Any other securities	-	-	-	-

	(₹ in Crores)			
	For the year ended March 31, 2023			
	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year*	Outstanding as on March 31, 2023
a) Securities sold under repo				
Government securities	-	-	-	-
Corporate debt securities	-	-	-	-
Any other securities	-	-	-	-
b) Securities purchased under reverse repo				
Government securities	1.00	20.00	3.63	5.00
Corporate debt securities	-	-	-	-
Any other securities	-	-	-	-

* Daily Average outstanding during the year is calculated basis number of days the transaction was done during the year.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

1.4 Non SLR Investment Portfolio

Issuer composition of Non SLR investments are as follows:

(₹ in Crores)

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	0	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	0	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii - viii)	0	-	-	-	-

(₹ in Crores)

Sr. No.	Issuer	For the year ended March 31, 2023				
		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	9.42	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	9.42	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii - viii)	9.42	-	-	-	-

1.5 Non-Performing Non-SLR investments

The Bank does not have any non-performing investments during the year 2023-24 ("Nil" during the year 2022-23).

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 2023-24 ("Nil" during the year 2022-23).

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 2023-24 ('Nil' during the year 2022-23). Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

1.9 Business Ratios

Particulars	As at March 31, 2024	As at March 31, 2023
i) Interest Income as a percentage to Working Funds (refer note 1 below)	3.92%	3.21%
ii) Non-interest income as a percentage to Working Funds (refer note 1 below)	237.07%	193.11%
iii) Cost of Deposits	2.56%	2.51%
iv) Net Interest Margin (refer note 2 below)	6.71%	5.62%
v) Operating Profit as a percentage to Working Funds (refer note 3 below)	0.67%	3.39%
vi) Return on Assets (refer note 3 below)	0.57%	2.94%
vii) Business deposits per employee (₹ in crores) (refer note 4 below)	0.39	0.19
viii) Profit per employee (₹ in crores)	0.01	0.07

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, 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	-	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	4.97	-	-	-
Total	59.34	-	149.88	-	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Maturity Bucket	As at March 31, 2023					
	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	1.21	-	-	-	-	-
2 to 7 days	0.77	-	19.99	-	-	-
8 to 14 days	0.77	-	4.98	-	-	-
15 to 30 days	-	-	6.68	-	-	-
Days 31 to 2 months	-	-	23.25	-	-	-
Over 2 months to 3 months	-	-	16.99	-	-	-
Over 3 months to 6 months	-	-	31.09	-	-	-
Over 6 months to 1 year	-	-	41.17	-	-	-
Over 1 year to 3 years	18.98	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	21.73	-	144.15	-	-	-

1.11 Exposures

i) Sensitive Sectors

The Bank has not entered any transactions related to capital market and real estate sector during the year 2023-24 and 2022-23.

- 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 2023-24 ("Nil" during the year 2022-23).

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:

Particulars	As at	
	March 31, 2024	March 31, 2023
Provision as at date (Unfunded)	0.75	0.75

ii) Provident Fund

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Employer's contribution during the year	0.76	0.65

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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

Particulars	As at	
	March 31, 2024	March 31, 2023
Defined benefit obligation at the beginning of the year	0.47	0.38
Service cost	0.15	0.14
Interest cost	0.03	0.02
Actuarial losses/(gains)	(0.06)	(0.04)
Benefit payments	(0.01)	(0.03)
Defined benefit obligation at the end of the year	0.58	0.47

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

Particulars	As at	
	March 31, 2024	March 31, 2023
Fair value of plan assets at the beginning of the year	0.50	0.31
Expected Return on Plan Assets	0.03	0.02
Contributions by the Bank	0.05	0.20
Actuarial Gain/ (Loss) recognised during the year	(0.00)*	(0.00)*
Benefit paid	(0.02)	(0.03)
Fair value of plan assets at the end of the year	0.56	0.50

c) Amount recognised in Balance Sheet

Particulars	As at	
	March 31, 2024	March 31, 2023
Present value of defined benefit obligation at the end of the year	(0.58)	(0.47)
Fair value of plan assets at the end of the year	0.56	0.50
Funded status ((surplus)/ deficit)	(0.02)	0.03
Unrecognised past service costs	-	-
Net asset / (liability) recognised in the Balance Sheet	(0.02)	0.03

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

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Current service cost	0.15	0.14
Net Interest Cost	-	(0.00)*
Net Actuarial Losses/(Gains) recognised in the year	(0.05)	(0.03)
Total included in "Employee Benefit Expense" [Schedule 16(I)]	0.10	0.11

e) Experience adjustment is as follows:

Experience Adjustments (gratuity)	For the year ended	
	March 31, 2024	March 31, 2023
Actuarial (Gains)/Losses on Obligations - Due to Experience	(0.06)	(0.04)
Actuarial (Gains)/Losses on Plan Assets - Due to Experience	(0.00)*	(0.00)*

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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

Experience Adjustments (gratuity)	As at	
	March 31, 2024	March 31, 2023
Salary escalations	8.00%	8.00%
Discount rate	7.18%	7.31%
Attrition rate	20.00%	20.00%
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian assured Lives Mortality (2012-14)

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 Rs. 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.

	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

	For the year ended March 31, 2023		
	Treasury	Other Banking Operation	Total
Revenue	8.88	532.33	541.21
Unallocated Revenue			-
Expenses	0.01	533.04	533.05
Unallocated Expenses			0.07
Operating Profit/(Loss)			8.09
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)			8.09

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

	For the year ended March 31, 2023		
	Treasury	Other Banking Operation	Total
Other Information			
Segment Assets	196.89	187.45	384.34
Unallocated Assets			7.58
Total Assets			391.92
Segment Liabilities	-	247.84	247.84
Unallocated Liabilities			-
Total Liabilities			247.84

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:

- Promoters: National Securities Depository Limited
- Fellow Subsidiary: NSDL Database Management Limited
- Key Management Personnel (KMP): Mr. Abhijit Kamalapurkar - MD & CEO
Mr. Jigar Shah - CFO
Mr. Balan Santosh Parthasarthy - CS

In line with the Reserve Bank of India Circular No. DBR.BC.No.23//21.04.2018/2015-16 dated July 1, 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.

Items / Related Party	For the year ended 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

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Issuer	For the year ended March 31, 2023				
	Parent (as per ownership or control)	Key Management Personnel (KMP)	Relatives of KMP	Fellow Subsidiary	Total
Rendering of services	0.35	-	-	0.03	0.38
Receipt of services	0.03	-	-	0.05	0.08
Reimbursement of expenses	0.15	-	-	-	0.15
Remuneration*	-	1.91	-	-	1.91
Security Deposit Given	0.02	-	-	0*	0.02
Balance payable towards Current account with us	0.02	-	-	0*	0.02
Balance receivable	0.21	-	-	-	0.21
Balance payable	-	-	-	-	-

0 denotes the amount less than Rs. 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 2023-24 is ₹ 1.44 crores (₹ 2.17 crores during FY 2022-23). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

Particulars	As at	
	March 31, 2024	March 31, 2023
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	1.62	1.62
b) Later than one year but not later than five years	4.14	5.76
c) Later than five years	-	-
ii) Total Expected future lease payment	5.76	7.38
iii) Lease payment recognized in the statement of Profit and Loss for the period	1.44	2.17

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:

Particulars	As at	
	March 31, 2024	March 31, 2023
i) Hardware - Property, Plant and Equipment		
WDV at the beginning of the year	1.05	1.15
Additions during the year	8.83	0.71
Deductions during the year	(0.12)	(0.55)
Depreciation during the year	(0.81)	(0.26)
WDV at the close of the year	8.95	1.05
ii) Software - Intangible assets		
WDV at the beginning of the year	9.98	7.68
Additions during the year	4.21	6.34
Deductions during the year	-	-
Depreciation during the year	(3.34)	(4.04)
WDV at the close of the year	10.85	9.98

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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:

	As at	
	March 31, 2024	March 31, 2023
Deferred tax assets:		
WDV of fixed assets	1.60	2.83
Provision for doubtful debts	0.34	0.30
Unabsorbed depreciation on fixed assets	3.45	3.81
Business loss	1.56	1.61
Timing difference between provision and payment	0.44	0.21
Total	7.39	8.76

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 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, 2024	March 31, 2023
i) Net profit/(loss) after tax (₹ in crores)	1.71	8.09
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	0.45
v) Diluted EPS (₹)	0.10	0.45
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."

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

3. Additional Disclosures as per RBI

3.1 Provisions and contingencies

Break up of provisions and contingencies:

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
i) Asset written off	-	0.25
ii) Provision for Doubtful Debts	0.29	0.99
iii) Total	0.29	1.24

3.2 Appropriation to / Withdrawal from Reserve

Statutory Reserve: The Bank has made an appropriation of ₹ 0.43 crores (FY 2022-23: ₹ 2.02 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 ₹ 1.28 crores (FY 2022-23: Nil) 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)".

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Complaints received by the bank from its customers		
i) Number of complaints pending at the beginning of the year	8	8
ii) Number of complaints received during the year	1,485	1,589
iii) Number of complaints disposed during the year	1,383	1,589
a) Of which, number of complaints rejected by the bank	-	-
iv) Number of complaints pending at the end of year	110	8
Maintainable complaints received by Bank from OBOs		
v) Number of maintainable complaints received by the bank from OBOs	98	327
a) Of 5, number of complaints resolved in favour of the bank by Bos	98	327
b) Of 5, number of complaints resolved through conciliation/meditation/ advisories issued by Bos	-	-
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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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

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	-

Grounds of complaints (i.e. complaints relating to)	For the year ended March 31, 2023				
	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	455	46%	4	-
Others	1	204	(12)%	3	-
Internet/Mobile/Electronic Banking	1	114	54%	1	-
ATM/Debit Cards	2	816	1,384%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	(100)%	-	-
Prepaid card	-	-	-	-	-

*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, 2024	As at March 31, 2023
i) Total deposits* of twenty largest depositors (₹ in crore)	1.95	0.82
ii) Percentage of deposits of twenty largest depositors to total deposits of the Bank	3.29%	21.73%

*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 2023-24 ("Nil" during the year 2022-23).

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, 2024, 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.

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

3.7 Details of provisioning related to fraud accounts

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
i) No. of frauds reported	60	61
ii) Amount involved in such frauds (net of recovery) (₹ in crores)	0.07	0.06
iii) Quantum of provision made (₹ in crores)	-	-
iv) Quantum of unamortized provision debited from 'other Reserves' at the end of the year (₹ in crores)	-	-

3.8 Remuneration of Directors (Non-executive)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
i) Board Meeting	0.24	0.36
ii) Audit Committee	0.15	0.14
iii) Nomination & remuneration Committee	0.07	0.05
iv) Risk Management Committee	0.08	0.08
v) Customer Service Committee	0.09	0.06
vi) IT Strategy Committee	0.06	0.06
vii) Independent Director Committee	0.03	0.02
viii) Total	0.72	0.77

3.9 Marketing and distribution

The Bank has earned ₹ 0.15 crores from distribution of third party Mutual Fund products during FY: 2023-24 (₹ 0.15 crores during FY 2022-23).

3.10 Bancassurance Business

The Bank has earned ₹ 0.00* crores from bancassurance business during FY: 2023-24 (₹ 0.00* crores during FY 2022-23).

'0' denotes the amount less than Rs. Fifty thousand.

3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised pension / gratuity liabilities as at March 31, 2024 ("Nil" as at March 31, 2023).

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:

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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.

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 - 5 (4 during the year 2022-23)

Remuneration paid to the members during the year 2023-24 - ₹ 0.72 crores (₹ 0.77 crores during the year 2022-23)"

b) Number of employees having received a variable remuneration award during the financial year: 1 (1 during the year 2022-23)

c) Number and total amount of sign-on /joining bonus awards made during the financial year: Nil (Nil during the year 2022-23)

d) Details of severance pay, in addition to accrued benefits, if any: Nil (Nil during the year 2022-23)

e) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms: ₹ 0.32 crores (Nil during the year 2022-23)

f) Total amount of deferred remuneration paid out in the financial year: Nil (Nil during the year 2022-23)

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

**Fixed Pay: Basic Salary ₹0.34 crores (PY: ₹ 0.31 crores), Other Allowances* ₹ 0.76 crores (PY: ₹ 0.76 crores)
*HRA, Conveyance, Medical Allowances, leave encashment, etc.

Deferred Variable Pay: 0.32 crores (PY: Nil)

Non-Deferred Variable Pay: 0.24 crores (PY: ₹ Nil)

Variable pay for the FY 2023-24 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 2022-23)

i) Total amount of reductions during the financial year due to ex- post explicit adjustments: Nil (Nil during the year 2022-23)

j) Total amount of reductions during the financial year due to ex- post implicit adjustments: Nil (Nil during the year 2022-23)

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 2022-23)

- Number of cases where clawback had been executed: Nil (Nil during the year 2022-23)

- Number of cases where both malus and clawback had been exercised: Nil (Nil during the year 2022-23)

iii) General Quantitative Disclosure:

The mean pay for the bank as a whole ₹ 0.18* crores (excluding sub-staff) (₹ 0.18 crores during the year 2022-23) and the deviation of the pay of each of its WTDs from the mean pay: ₹ 1.16* crores (₹ 0.95 crores during the year 2022-23)

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

3.13 Credit Default Swaps

The Bank has not issued any Credit Default Swaps (CDS) during the year 2023-24 ("Nil" during the year 2022-23).

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

3.14 Intra-group Exposure

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
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)

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
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

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
i) Payment of DICGC Insurance Premium	0.10	0.04
ii) Arrears in payment of DICGC premium	-	-

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:

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
i) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	9.49	7.71
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	9.49	7.71
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	-	-

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

Particulars	₹ in Crores	
	As at March 31, 2024	As at March 31, 2023
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, 2024	As at March 31, 2023
Outstanding balance at the beginning of the year	12,90,000	-
Options granted	5,43,396	16,50,000
Options forfeited	(3,00,000)	(3,60,000)
Options exercised	-	-
Options expired	-	-
Options outstanding at the end of the year	15,33,396	12,90,000
Options exercisable at the end of the year	5,06,021	-
For share options exercised:		
Weighted average exercise price at date of exercise	-	-
Money realized by exercise of options (in actual rupees)	-	-
For share options outstanding		
Range of exercise price	19.05	19.05
Average remaining contractual life of options	5.56 years	6.56 years
Modification of plans	Not Applicable	Not Applicable
Incremental fair value on modification	Not Applicable	Not Applicable

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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, 2024	For the year ended March 31, 2023
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 Nil (PY: 675,000) 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, 2024	For the year ended March 31, 2023
BC Commission and Incentive	517.98	346.36
Switching and Interchange charges	153.41	145.42

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, 2024	For the year ended March 31, 2023
Revenue from remittance services	700.70	522.15

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, 2024	As at March 31, 2023
Third party settlement - payment services	42.26	113.69
Trade payables	39.09	29.63
Earnest money deposit	38.27	73.61
Taxes payable	3.87	3.86
Provision for expenses	3.63	4.27

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

(₹ in Crores)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	12.38	9.11
Trade receivable	10.99	5.62
Taxes recoverable	9.48	8.51
Interest accrued	5.45	5.44
Inward remittance - pending settlement	4.15	1.03

Schedules forming part of the financial statements

as at and for the year ended March 31, 2024

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 Previous Year comparative figures

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

For **V.Sankar Aiyar & Co.**

Chartered Accountants

ICAI Firm Regn. No. 109208W

For and on behalf of the Board of Directors of

NSDL Payments Bank Limited

CIN: U65900MH2016PLC284869

Karthik Srinivasan

Partner

Membership No. 514998

Dhananjaya Tambe

Chairman

DIN: 07260971

Sitaram Pothukuchi

Director

DIN: 00311538

Padmaja Chunduru

Director

DIN: 08058663

Place: Mumbai

Date: April 19, 2024

Abhijit Kamalapurkar

MD & CEO

DIN: 08849177

Jigar Shah

Chief Financial Officer

M.No. 143856

Balan Santosh Parthasarathy

Company Secretary

M.No. A49602

 **NSDL Payments Bank**

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