Annual Report
2025-26

NSDL Payments Bank

SCALE.
INCLUSION.
TRUST.

Scale. Inclusion. Trust.

Innovation enabled us to scale. **Scale** enabled us to drive **Inclusion**. Inclusion earned us **Trust**. Trust delivered sustainable financial performance.

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Download this report or read online at **www.nsdlpayments.bank.in**

Who We Are

About NSDL Payments Bank

NSDL Payments Bank was established with a vision to make financial services accessible, inclusive and relevant for every Indian. Backed by the trust and legacy of NSDL, the Bank combines technology, innovation and an extensive on-ground presence to empower individuals, businesses and communities to participate confidently in the formal financial ecosystem.

AT THE HEART OF THIS JOURNEY LIES OUR MISSION

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

THIS COMMITMENT IS GUIDED BY OUR VISION

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

SUPPORTING THIS PURPOSE ARE OUR CORE VALUES

- Ethics
- Customer Centricity
- Process Orientation
- Synergy
- Innovation
- Sustainability

A BANK FOR EVERY FINANCIAL JOURNEY

With the philosophy of **'Vishwas Bhi, Vikas Bhi',** the Bank has evolved into a comprehensive financial services platform supporting customers across every stage of their financial journey. Through its digital banking ecosystem, led by the upgraded NSDL Jiffy platform, customers can access savings and current accounts, UPI payments, bill payments, recharges, fund transfers, investments and insurance solutions, helping them manage, protect and grow their finances with ease.

Complementing its digital capabilities is a robust assisted banking network comprising Bank Pratinidhis, Customer Service Points (CSPs) and Corporate Business Correspondents across the country. Through this network, the Bank delivers services such as account opening, Aadhaar seeding, domestic money transfers, Aadhaar Enabled Payment System (AePS), Micro ATM services and Cash Management Services (CMS), extending the reach of formal banking to underserved and remote communities.

The Bank has also strengthened its presence in the payments ecosystem through merchant acquiring solutions, UPI acquiring services and merchant payment acceptance infrastructure. Its growing prepaid card portfolio caters to corporates, educational institutions, transit networks and other organisations, while platforms such as NSDLPB Ready and strategic partnerships expand access to financial products and services for customers, merchants and business partners.

As India advances towards a digitally empowered future, NSDL Payments Bank remains committed to fostering financial inclusion through trust, technology and customer-centric innovation, creating opportunities for growth and empowerment for all.

FY 2025-26 Snapshot

The Year in Numbers

FY 2025-26 was marked by steady financial performance and continued expansion across our core operations. From payments and banking transactions to customer acquisition and our growing network, these indicators reflect the scale at which we are building a more accessible and connected financial ecosystem.

₹16 Cr
Profit After Tax (PAT)

₹95,900+ Cr
Inclusive Banking Transactions

Top 3
Among AePS Providers

₹51,800+ Cr
UPI Acquiring Volume

57+ Cr
UPI Transactions

6,646
Bank Pratinidhis

₹21 Lakhs
CASA Acquisitions

₹5+ Lakhs
Women Customers Onboarded

₹7,800+ Cr
Prepaid Transactions

Feature

A New Milestone in the Journey

In July 2025, NSDL Payments Bank Limited was included in the Second Schedule of the Reserve Bank of India Act, 1934, marking its transition to Scheduled Bank status.

A JOURNEY BUILT ON TRUST

Since starting operations in 2018, the Bank has been working towards making banking more accessible, secure and inclusive, backed by technology and strong governance.

Becoming a Scheduled Bank is an important recognition of this journey and opens up new opportunities for the Bank to grow and serve its customers better.

WHAT THIS MILESTONE MEANS

A Stronger Foundation

A recognition of the Bank's growing capabilities, governance and commitment to responsible banking.

More Opportunities

Eligibility for applicable RBI liquidity support and borrowing facilities, along with greater participation in the banking and payments ecosystem.

Better for Customers

More opportunities to expand services, bring in new solutions and create greater value for customers.

It is not the destination but the springboard for what is next.

A stronger foundation. Greater possibilities. A bigger opportunity to make banking more accessible and inclusive.

Our Journey

The Story of Our Growth

From launching core banking services to building a comprehensive digital ecosystem, our milestones chart a journey of sustained transformation.

2018
Commencement of Operations

September 2019
Domestic Money Transfer (DMT) launched

January 2020
NSDL Jiffy launched

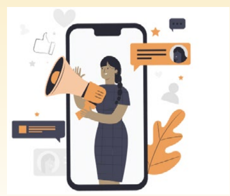
June 2020
Micro ATM (M-ATM) launched

July 2020
Aadhaar Enabled Payment System (AePS) launched

September 2020
Prepaid Business launched

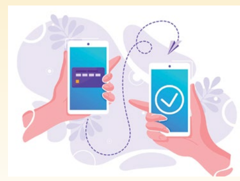
November 2020
Bharat Bill Payment System (BBPS) launched

January 2021
Insurance Distribution business launched



April 2021
UPI launched

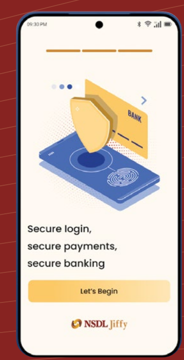
February 2022
Bene Validation introduced



March 2023
NACH launched

July 2023
Cash Management Services (CMS) launched

August 2024
JiffyPe-ID launched



July 2025
Achieved **Scheduled Bank Status**

December 2025
Protean eGov Technologies joined as Strategic Partner

March 2026
NPBL Bank Pratinidhi App was launched

March 2026
NSDLPB Ready was launched

Highlights of the Year

Culture that Creates Impact

FY 2025-26 was marked by several steps to make banking more accessible and useful in customers' everyday lives. We widened our presence on the ground, expanded digital banking and payments offerings, and introduced new solutions across cards and mobility. These efforts helped us reach more customers, serve them through more channels and deepen our role in their financial journeys.

बीरपुर में डिजिटल बैंकिंग की ऐतिहासिक शुरुआत

बसना पुलिस क बैंक खाता खुल

» दुसरे के बैंक खाते क

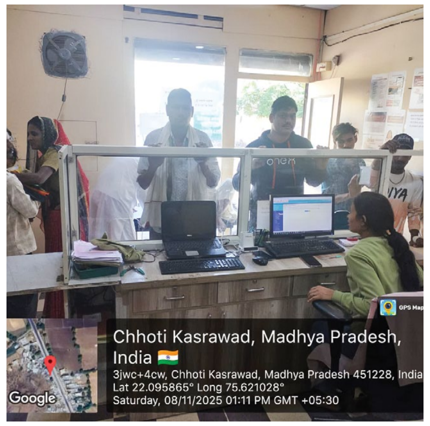
जीत यादव बसना ब्यूरो चीफ सत्ता एक्सप्रेस

महासमुंद/बसना :- थाना बसना क्षेत्र के अंतर्गत पुलिस ने बैंकिंग धोखाधड़ी और अवैध लेन-देन के एक बड़े सिंडिकेट का भंडाफोड़ किया है। आरोपियों ने ग्रामीण को झांसा देकर उसके नाम पर बैंक खाता और मोबाइल सिम हासिल की और फिर उस खाते के जरिए महज कुछ ही दिनों में 1 करोड़ रुपये से अधिक का संदिग्ध लेन-देन

अंतर्राज्यीय बा

एनएसडीएल बैंक का शुभारंभ

हासलपुर। 24 अक्टूबर को मानपुर में एनएसडीएल पेमेंट्स बैंक का शुभारंभ हुआ बैंक का शुभारंभ क्राइम ब्रांच ऑफिसर मेघा उपाध्याय, जिला अध्यक्ष चिंटू वर्मा ने किया। कार्यक्रम का संचालन स्टेट हेड गौरव साहू ने किया। आभार निशांत यादव एरिया मैनेजर ने माना। डिस्ट्रीब्यूटर पंकज मीणा ने बताया कि यह बैंक का उद्देश्य भारत के प्रत्येक कोने में सरल और सुलभ बैंक बैंकिंग सुविधा पहुंचाना है जिसमें खाता खोलना मनी ट्रांसफर डिजिटल समाधान जैसे शामिल है ताकि ग्राहक कहीं भी सेवाओं का लाभ ले सके। एनएसडीएल पेमेंट्स को गर्व है कि वह मध्यप्रदेश के विभिन्न जिले में नए कस्टमर सर्विस की शुरुआत कर रहा है।



बीरपुर में डिजिटल बैंकिंग की ऐतिहासिक शुरुआत

खुला एनएसडीएल पेमेंट बैंक का अधिकृत ग्राहक सेवा केंद्र

From the MD's Desk

We Bank on Your Trust

Behind every transaction is a person.
Behind every account is an aspiration.
Behind every milestone is a responsibility.

Dear Stakeholders,

It is our privilege to present the Annual Report for FY 2025-26, a year that marked an important milestone in the evolution of NSDL Payments Bank.

Digital banking is often measured through transactions processed, accounts opened, or payments completed in seconds. As we look back on FY 2025-26, while these metrics remain important, we believe the true measure of our success lies beyond numbers.

It lies in the trust placed in us by a woman opening her first bank account, a migrant worker sending money home, a merchant embracing digital payments to grow a business, or a customer taking the first step towards financial security through a simple mobile application.

As we reflect on the year gone by, three words best capture our progress and define our journey — Scale. Inclusion. Trust.

These are not merely themes. They represent the pillars on which we continue to build our institution and shape our future.

SCALE

FY 2025-26 was a defining year in our growth journey as we strengthened our position within India's rapidly evolving financial ecosystem.

A landmark achievement during the year was the attainment of Scheduled Bank status in July 2025. This recognition reflects the growing strength, stability and credibility of the institution and marks an important step in our evolution. It provides a stronger platform to deepen customer relationships, expand our participation within the banking ecosystem and pursue larger opportunities aligned with our long-term vision.

Another significant milestone was the induction of Protean eGov Technologies as a strategic partner in December 2025. This association brings together Protean's proven expertise in building population-scale digital public infrastructure and NSDL Payments Bank's strength in banking, payments and financial inclusion. Together, we are uniquely positioned to create innovative, secure and inclusive financial solutions that can serve millions of customers across the country.

The strength of our strategy was reflected in our financial performance. PAT grew multifold to ₹15.93 crore from ₹1.80 crore, while the Bank's net worth increased by approximately 35%. These outcomes demonstrate the benefits of disciplined execution, technology-led growth and a continued focus on operational efficiency and sustainable value creation.

Customer acquisition remained robust, with account acquisitions growing by 29% and our customer base crossing 43 lakh. Digital engagement also accelerated significantly during the year. NSDL Jiffy more than doubled its customer base, and customers increasingly adopted the platform for payments, transfers and investment services. As we continue to enhance its capabilities, NSDL Jiffy is steadily evolving into a comprehensive platform for everyday banking, digital payments and long-term wealth creation.

Recognising the growing participation of Indians in financial markets, we expanded our offerings beyond banking and payments through NSDLPB Ready, a dedicated digital investment platform designed for brokers, sub-brokers and individual investors. By simplifying investment onboarding and portfolio management, the platform aims to make wealth creation more accessible through digital channels.

The year also witnessed strong momentum across our payments businesses. UPI transaction volumes grew by 97%, while the Bank's UPI Acquiring business processed transactions worth over ₹51,800 crore during the year, emerging as one of its fastest-growing business segments. This growth was accompanied by a steady strengthening of the Bank's position within the UPI ecosystem. As of March 2026, the Bank ranked 33rd among UPI remitters and 21st among UPI beneficiaries, reflecting the growing adoption of its digital payment services.

Further underscoring the performance and reliability of its digital platforms, NSDL Payments Bank ranked 11th among Payer PSP Apps and 7th among Payee PSP Apps as of March 2026. The Bank also strengthened its participation in the digital payments ecosystem through

From the MD's Desk

Connected Banking solutions and TPAP partnerships, which helped expand the reach of domestic payment platforms, providing customers with greater choice while supporting the continued growth of India's digital payments ecosystem.

Our prepaid payments business continued to scale meaningfully. Supported by a diverse portfolio of gift cards, reloadable cards, institutional payment solutions and NCMC-enabled offerings, we ended the year with transaction volumes exceeding ₹7,800 crore, reflecting growing adoption across consumer, corporate and transit payment ecosystems.

As we scale, our objective remains clear — to leverage technology not merely to grow volumes, but to expand access, strengthen participation in the formal financial system and contribute meaningfully to India's digital economy.

INCLUSION

Inclusion remains the foundation of our purpose.

At NSDL Payments Bank, we believe banking should not be limited by geography, income levels or access to traditional infrastructure. Every individual deserves the opportunity to participate in the formal financial system and benefit from the opportunities it creates.

During FY 2025-26, we further expanded our Bank Pratinidhi network, which grew by over 52% to 6,646 touchpoints across the country. Supported by our Corporate BC ecosystem, this network extends banking services to urban, semi-urban and rural communities, making essential financial services accessible closer to where customers live and work.

Beyond expanding access, this ecosystem is also creating livelihood opportunities for thousands of local entrepreneurs. Through Bank Pratinidhi models, individuals are able to generate additional income while delivering valuable services within their communities, creating a multiplier effect of financial and economic empowerment.

During FY 2025-26, the Bank facilitated inclusive banking transactions worth ₹95,900+ crore through its assisted banking services, including AePS, DMT, Micro ATM and CMS. While transaction volumes moderated during the year as customers increasingly adopted digital payment channels and self-service banking options, assisted banking services continued to play a critical role in meeting the financial needs of customers in rural and underserved markets.

Backed by its extensive CBC and Bank Pratinidhi network, the Bank continued to rank among the top three players across key assisted banking segments, reinforcing its position as a leading participant in the financial inclusion ecosystem.

During FY 2025-26, the Bank opened over 20.73 lakh accounts through its assisted banking channels, bringing more individuals into the formal financial system through its extensive CBC and Bank Pratinidhi network. The high engagement levels are reflected in the fact that 18.99 lakh of these accounts actively transacted, resulting in an activation rate of 91.6%. Together, these customers generated transaction volumes exceeding ₹95,900 crore, highlighting the growing use of formal banking services across underserved and emerging markets.

Through Aadhaar Seeding and Direct Benefit Transfers (DBT), the Bank facilitated the credit of over ₹194 crore in government benefits to more than 8.15 lakh beneficiaries as of March 31, 2026, compared to ₹88 crore credited to nearly 1 lakh beneficiaries in the previous year.

Women continue to remain a key focus area of our inclusion strategy. During the year, women account acquisitions grew by 26%, crossing 5 lakh accounts. We firmly believe that financial empowerment creates a ripple effect that benefits families, communities and future generations.

Financial inclusion must also be accompanied by financial awareness. During the year, we conducted financial literacy and awareness programmes across multiple states, with a special focus on women. Through these initiatives, we promote awareness around savings, banking, digital payments and financial security, helping individuals make more informed financial decisions.

Our commitment to inclusion also extended into everyday mobility through our partnership with MSRTC and Ebix Technologies for the rollout of the National Common Mobility Card (NCMC) programme in Maharashtra. NCMC is designed to digitise travel and concession management for women, senior citizens, Amrut Senior Citizens, Divyang citizens, retired defence personnel and other eligible passenger categories. By integrating digital payments into daily travel, the initiative is helping accelerate digital adoption while enhancing convenience for millions of passengers.

As we grow, our purpose remains unchanged — to ensure that the benefits of formal banking, digital payments and financial opportunity reach every section of society.

TRUST

Trust is the cornerstone of every banking relationship and the foundation upon which our institution is built.

As financial services become increasingly digital, customers rightly expect their bank to safeguard their money, data and interests. Meeting this responsibility requires constant vigilance, robust governance and a proactive approach to risk management.

During FY 2025-26, we further strengthened our fraud prevention and risk management framework through enhanced Fraud Risk Management capabilities, geo-fencing controls, device-level validations, transaction velocity checks and advanced risk analytics. These measures have improved our ability to identify emerging risks and respond swiftly in an increasingly dynamic threat environment.

We also strengthened onboarding controls, enhanced due diligence processes and implemented continuous monitoring mechanisms to improve customer quality and safeguard the integrity of our ecosystem. Initiatives such as enhanced surveillance capabilities have further strengthened our ability to detect and prevent suspicious activities at an early stage.

Our commitment to customer protection extends beyond our organisation. During the year, we continued to work closely with the Ministry of Home Affairs, ₹4C, FIU, NPCI, the Reserve Bank of India and other stakeholders in support of industry-wide efforts aimed at combating financial fraud and strengthening customer confidence in digital financial services.

Trust is also built through customer experience. As our customer base and digital footprint continue to grow, we remain focused on improving responsiveness, accelerating issue resolution and delivering a seamless banking experience. During the year, we strengthened our CRM and customer service capabilities through greater use of technology and analytics, enabling us to serve customers more effectively and efficiently.

We believe trust is earned every day through secure systems, responsible actions, transparency and an unwavering commitment to doing what is right for our customers and society.

WAY FORWARD

India stands at the intersection of digital transformation and financial inclusion, creating unprecedented opportunities for institutions that can combine innovation, accessibility and trust.

As we look ahead, our focus will be on building a stronger, more sustainable and customer-centric institution. Having established a solid foundation for growth, the next phase of our journey will be centred on deepening customer relationships, strengthening our balance sheet and creating more recurring sources of revenue.

We will continue to expand our CASA franchise while strengthening our presence across UPI acquiring, TPAP partnerships and recurring payment ecosystems. At the same time, we will continue to broaden our digital offerings through platforms such as NSDL Jiffy and NSDLPB Ready, enabling customers to manage a wider range of banking, payments and investment needs through a unified digital experience.

We also remain committed to strengthening our Bank Pratinidhi and Corporate BC ecosystem with a greater focus on productivity, service quality and customer engagement. By combining physical reach with digital capabilities, we aim to create a stronger and more inclusive distribution network that serves customers across every segment of society.

Together with Protean, our partners, our distribution ecosystem and our employees, we will continue to build solutions that expand access, strengthen trust and create opportunities for millions of Indians.

A NOTE OF GRATITUDE

As NSDL Payments Bank looks ahead to another year of growth and progress, we express our heartfelt gratitude to:

- Our customers, for their trust and for allowing the Bank to be a part of their financial journey.
- Our partners, for their continued collaboration and shared commitment towards expanding financial access.
- Our stakeholders, for their confidence in the Bank's vision and long-term aspirations.
- Our regulators, for their guidance and support in fostering a safe, resilient and inclusive banking ecosystem.
- Our employees, whose dedication, passion and unwavering commitment continue to drive the Bank forward every day.

Mr. Abhijit Kamalapurkar

Managing Director & Chief Executive Officer

Our Offerings

A Comprehensive Product Suite

Built around customer needs, our expanding portfolio of products and services delivers secure, convenient and inclusive banking experiences across every stage of the financial journey.

Prepaid Card
GPR Cards, Gift cards, NCMC Cards

Zero Balance Account
Savings Account, Current Account, 3-in-1 Account

Debit Card
Virtual Debit Card, Physical Debit Card

Payments
UPI, NEFT, IMPS, RTGS, NACH

Collection
CMS, BBPS, Settlement Services

Inclusive Banking
AePS, Micro ATM, DMT, Settlement Services

Third-Party Investment
Mutual Fund, Life Insurance, Health Insurance

NSDL Payments Bank

Technology and Innovation

Smart Banking, Backed by Technology

Before discussing our progress across Scale, Inclusion and Trust, it is important to recognise the role technology and innovation have played in enabling this journey. Every milestone achieved during the year has been supported by a continued focus on building digital solutions that are swift, smart and secure. By improving customer experience, strengthening security and expanding access to financial services, technology continues to drive the Bank's growth and transformation.

UPGRADING NSDL JIFFY

NSDL Jiffy continued to evolve as the Bank's flagship digital platform during the year, bringing together payments, investments and everyday banking services in a single application. New features such as mutual fund investments, UPI credit card payments, enhanced BBPS services and mobile recharges were introduced, enabling customers to manage a wider range of financial needs through one platform. These enhancements have made everyday banking more convenient while helping customers access more services digitally.

The Bank also enhanced NSDLPB Ready, its dedicated platform for mutual fund distribution, making investment onboarding simpler for IFAs and individual investors.

EASING CUSTOMER ONBOARDING

The Bank continued to make account opening faster and more convenient by upgrading the technology for eKYC and face authentication, Aadhaar-based services, instant kit linking and Aadhaar seeding. These enhancements have simplified customer onboarding, reduced turnaround times and improved accessibility across both digital and assisted channels, making customer entry into the formal banking system more seamless.

MODERNISING DIGITAL INFRASTRUCTURE

As the Bank continued to grow, investments were made to strengthen the technology backbone supporting its digital services. During the year, the Bank implemented an enterprise-grade API Gateway platform to simplify integrations, improve system performance and support faster rollout of products and services. The platform has upgraded connectivity across applications, partners and digital platforms, enabling the Bank to scale efficiently while maintaining a secure and reliable technology environment.

The Bank also strengthened its Connected Banking capabilities and Third-Party Application Provider (TPAP) integrations, enabling seamless connectivity with its ecosystem partners while expanding the reach and accessibility of its digital payment services.

ENHANCING SECURITY

Customer trust remains central to the Bank's digital journey. During the year, fraud monitoring, transaction surveillance and risk management capabilities were strengthened across account opening, UPI and digital banking channels. These measures have improved the Bank's ability to detect suspicious activities, protect customer interests and provide a safer banking experience.

EMPOWERING LAST-MILE BANKING

Technology also played an important role in strengthening the Bank's financial inclusion efforts. The NPBL Bank Pratinidhi App helped simplify customer onboarding and service delivery, enabling Bank Pratinidhis to serve customers more efficiently, particularly in underserved and remote locations. By combining digital tools with a strong distribution network, the Bank continued to bring banking services closer to the communities that need them most.

IMPROVING CUSTOMER SERVICE

The Bank also strengthened its customer service capabilities through improvements in CRM systems and digital support infrastructure. These enhancements have helped teams respond faster to customer queries, improve customer engagement and deliver a smoother service experience, reinforcing the Bank's commitment to customer-centric banking.

Technology advancements continued to drive the Bank's growth while making the banking process simpler, safer and more accessible. From onboarding customers and enabling secure transactions to strengthening customer service and last-mile banking, technology remains central to the Bank's mission of delivering better banking experiences for customers across the country.

Scaling with Purpose

Wider Reach, Easier Access

Building on the technology, platforms and solutions strengthened during the year, the Bank continued to expand their reach across customers, businesses and communities. From digital banking and payments to cards, investments and financial services, the Bank focused on taking what works further — serving more customers, enabling more transactions and creating greater value across the financial ecosystem.

NSDL Payments Bank, as an emerging component of the banking ecosystem, devised its scaling strategy with a purpose and wove it around the three pillars of growth: trust, scale, and inclusion.

CUSTOMER RELATIONSHIPS

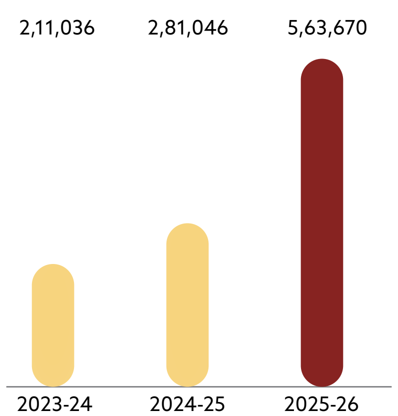
Customer relationships are the most crucial aspect in our scaling strategy. It rolled out tech-based applications to connect deeper with customers, reach out to more people, and simplify their onboarding process.

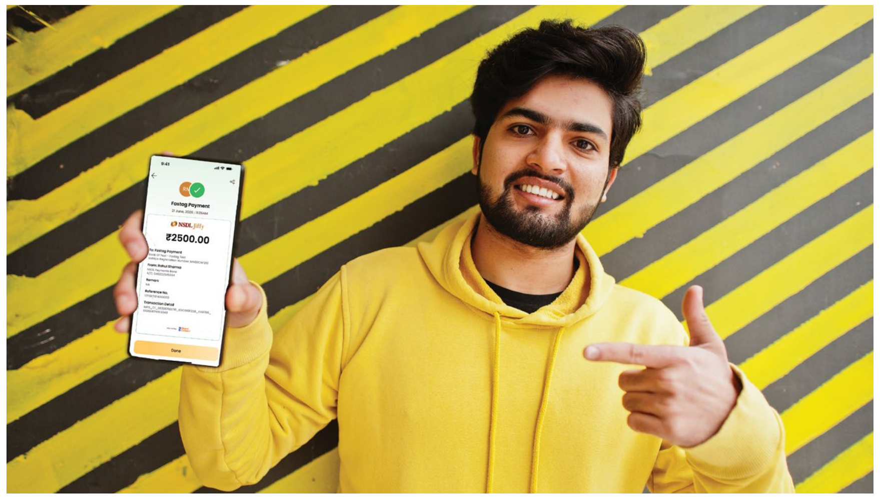
NSDL Jiffy

NSDL Jiffy was a key driver of the Bank's digital growth in FY 2025-26. During the year, the application underwent a significant upgrade of the UI and UX, which made it simpler, faster, and easier to navigate for customers. The platform was strengthened further with the launch of a mutual fund investment window and services such as UPI and credit card payments, enhanced BBPS offerings and mobile recharges, enabling customers to access banking, payments and investment services through a single application.

The improved customer experience and expanded service offerings were reflected in strong adoption. Annual customer acquisitions through NSDL Jiffy more than doubled, growing by over 100% from 2.81 lakh in FY 2024-25 to 5.64 lakh in the reporting year.

NSDL Jiffy Customer Acquisition

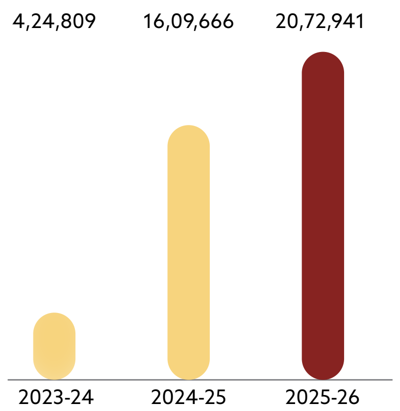




Customer Acquisition

The Bank's customer base crossed 43 lakh in FY 2025-26, reflecting the growing trust customers have in its digital banking and payment services. Its annual CASA acquisitions increased nearly 29% from 16.10 lakh in FY 2024-25 to 20.73 lakh in FY 2025-26. Supported by NSDL Jiffy, simplified digital onboarding and an expanding distribution network, the Bank continues to make banking more accessible, convenient and inclusive for customers across the country.

Customer Acquisition



DIGITAL PAYMENTS

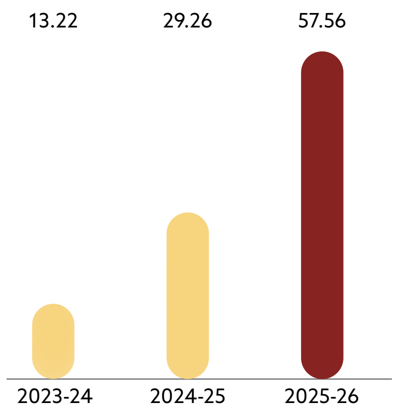
In the 10 years since its launch, India's Unified Payments Interface (UPI) has emerged as the world's largest real-time payments platform, making the crucial backbone of the country's digital payments ecosystem and a being a critical driver of financial inclusion.

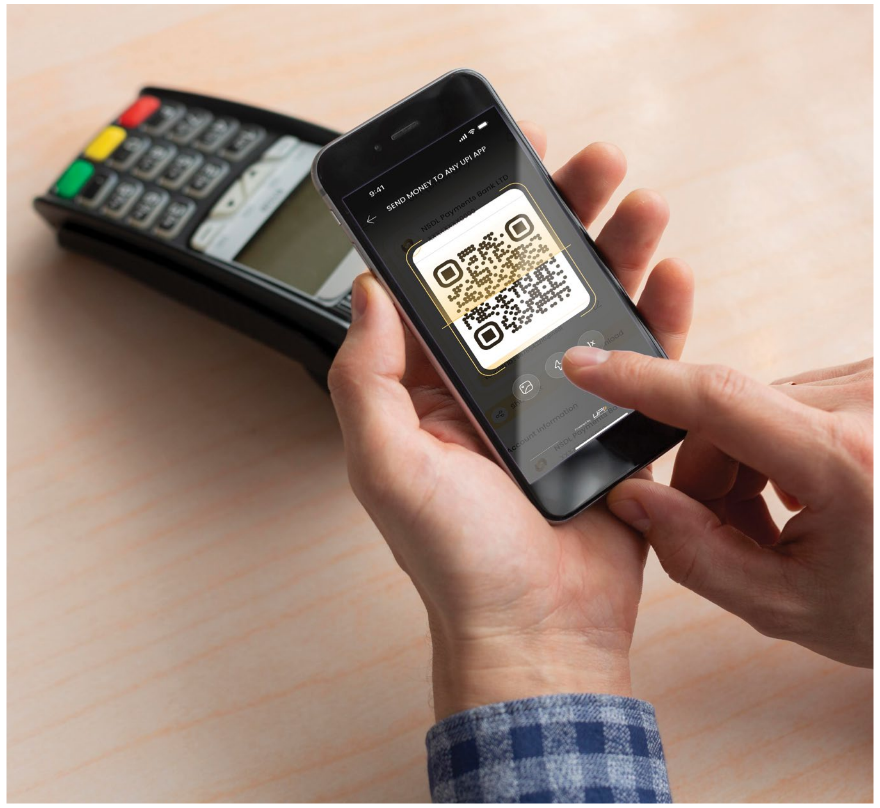
UPI and Digital Payments

Digital payments remained a key growth driver for the Bank in FY 2025-26. UPI transaction volumes on the NSDL Payments Bank platform leaped nearly 97% from 29.26 crore in FY 2024-25 to 57.56 crore in the reporting year. Over the last two years, UPI volumes have more than quadrupled from 13.22 crore transactions in FY 2023-24 to 57.56 crore in FY 2025-26, reflecting the increasing adoption of the Bank's digital payment services and the growing preference for real-time, convenient and secure payment solutions.

The Bank further strengthened its position within the UPI ecosystem, ranking 33rd among UPI Remitter Banks and 21st among UPI Beneficiary Banks as of March 2026. Complementing UPI, services such as NEFT and IMPS continued to provide customers with secure and convenient fund transfer options, supporting its efforts to make digital payments more accessible and contribute to India's growing digital economy.

UPI Count (₹ Cr)





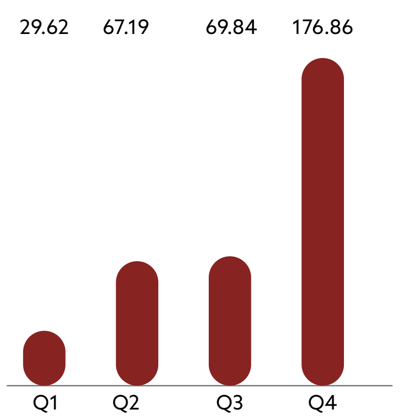
Scaling with Purpose

BBPS

The Bank continued to strengthen its BBPS offering, enabling customers to conveniently pay utility bills, mobile and DTH recharges, and other recurring payments through digital channels. The Bank also strengthened its NACH AutoPay capabilities, enabling customers to automate recurring payments such as utility bills, subscriptions, and other regular commitments. Together, BBPS and NACH AutoPay continue to make everyday banking simpler and more convenient by reducing manual payment efforts and encouraging greater adoption of digital payment solutions.

During FY 2025-26, BBPS processed transactions worth over ₹343 crore, with volumes increasing from ₹29.62 crore in Q1 to ₹176.86 crore in Q4, reflecting growing customer adoption of digital bill payments.

BBPS Transaction Volume (₹ Cr)

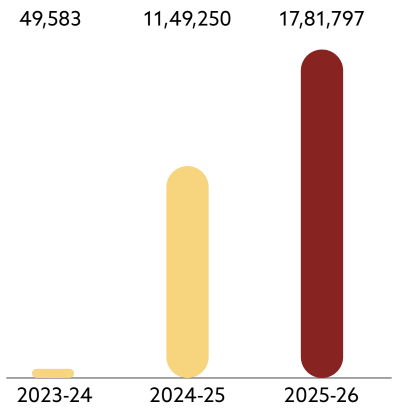


Debit Cards

The Bank offers customers both Physical and Virtual RuPay Debit Cards, providing convenient payment options for different banking needs. While Physical Debit Cards enable ATM withdrawals and payments at merchant outlets, Virtual Debit Cards provide instant access for secure online transactions and digital payments. Together, they offer customers a seamless banking experience across both online and offline channels.

During FY 2025-26, the Bank's total debit card base grew 55%, increasing from 11.49 lakh cards in FY 2024-25 to 17.82 lakh cards in FY 2025-26. This growth reflects the increasing adoption of its digital banking and payment services, as customers continue to embrace secure and cashless modes of transacting.

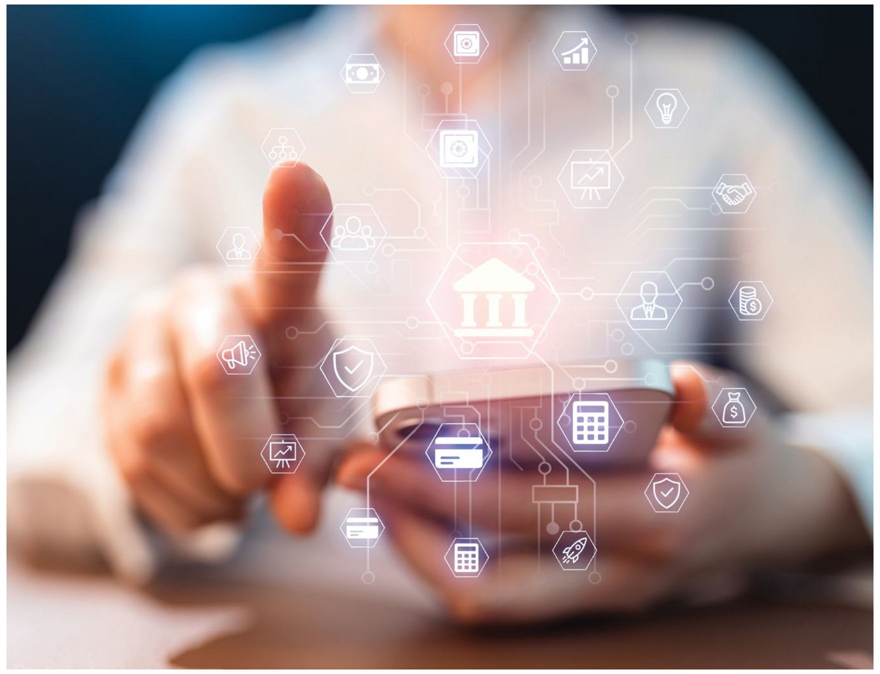
Debit Card Base



PAYMENTS ECOSYSTEM

We significantly expanded our presence in the digital payments ecosystem through our UPI Acquiring business in FY 2025-26, working with Payment Aggregators (PAs) and Payment Gateways (PGs). By enabling merchants to accept UPI payments through QR codes, payment links, POS integrations and merchant onboarding platforms, the Bank strengthened its role in supporting the growing adoption of digital payments across the country. In FY 2025-26, the UPI Acquiring business processed transactions in excess of ₹51,800 crore, making it one of the Bank's fastest-growing business lines.

The Bank further strengthened its participation in the UPI ecosystem through TPAP partnerships, which helped expand the reach of the Bank's payment services across multiple digital channels, providing customers with greater convenience and choice.



PREPAID CARD ECOSYSTEM

The Prepaid Card business processed over ₹7,800 crore in transaction volume during FY2025-26. This accounts for nearly 4.9 crore prepaid cards in circulation, representing approximately 6% of the industry's outstanding prepaid card base. The Bank's portfolio includes gift cards, reloadable prepaid cards, corporate prepaid cards and NCMC cards across RuPay, Visa and Mastercard networks.

NCMC

A key milestone during the year was the rollout of the National Common Mobility Card (NCMC) programme in partnership with Maharashtra State Road Transport Corporation (MSRTC) and Ebix Technologies. The initiative aims to digitise travel and concession management for women, senior citizens, Amrut Senior Citizens and other eligible passenger categories. The programme witnessed encouraging adoption, with over 14.08 lakh beneficiaries registering within the initial months of launch.

JiffyPe-ID

The Bank also expanded its prepaid offerings through JiffyPe-ID, a solution designed for students, educational institutions and corporates. By combining an ID card, NCMC card and prepaid card into a single card, JiffyPe-ID enables users to access campuses and workplaces, travel on public transport, and make payments online as well as offline. Through the JiffyPe-ID app, users can reload funds, check balances, access statements, and manage their cards conveniently through a single platform.

Together, these initiatives continue to expand the Bank's prepaid ecosystem while making payments, mobility, and everyday transactions simpler and more accessible.

THIRD-PARTY DISTRIBUTION

The Bank continued to expand its third-party products business during FY 2025-26, helping customers meet their investment and protection needs through simple and accessible financial solutions.

Investment

During the year, the Bank enhanced its mutual fund offerings through both NSDL Jiffy and NSDLPB Ready. The upgraded mutual fund section on NSDL Jiffy enables customers to seamlessly explore and invest in schemes from 45 leading Asset Management Companies. Complementing this, NSDLPB Ready serves as a dedicated platform for Independent Financial Advisors (IFAs) and individual investors, including non-NSDL Payments Bank customers, helping expand access to investment opportunities through a digital-first platform.

Insurance

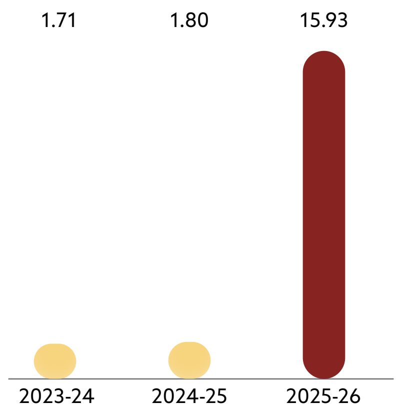
The Bank expanded its insurance offerings across life, health and general insurance categories and operationalised the POSP model, strengthening the reach and accessibility of protection solutions. This is expected to drive greater awareness and adoption of insurance products across customer segments.

Together with its banking and investment offerings, the Bank continues to provide customers with a comprehensive financial services platform to save, invest and protect their financial future.

SUSTAINABLE GROWTH

The impact of the Bank's growth strategy was reflected in its financial performance. Its profit after tax (PAT) increased from ₹1.80 crore in FY 2024-25 to ₹15.93 crore in FY 2025-26, while net worth grew by approximately 35%. These results show the Bank's ability to scale responsibly while maintaining a focus on operational efficiency, sustainable growth and long-term value creation.

Profit After Tax (PAT) (₹ Cr)



Financial Inclusion Initiatives

Commitment to an Inclusive Journey

For us, financial inclusion goes beyond providing access to banking services. It is about creating opportunities for individuals and communities to participate meaningfully in the larger financial ecosystem.

Through a strong distribution network, technology-led solutions, and customer-centric products, the Bank continues to extend the reach of banking services to underserved geographies.

EXPANDING LAST-MILE BANKING

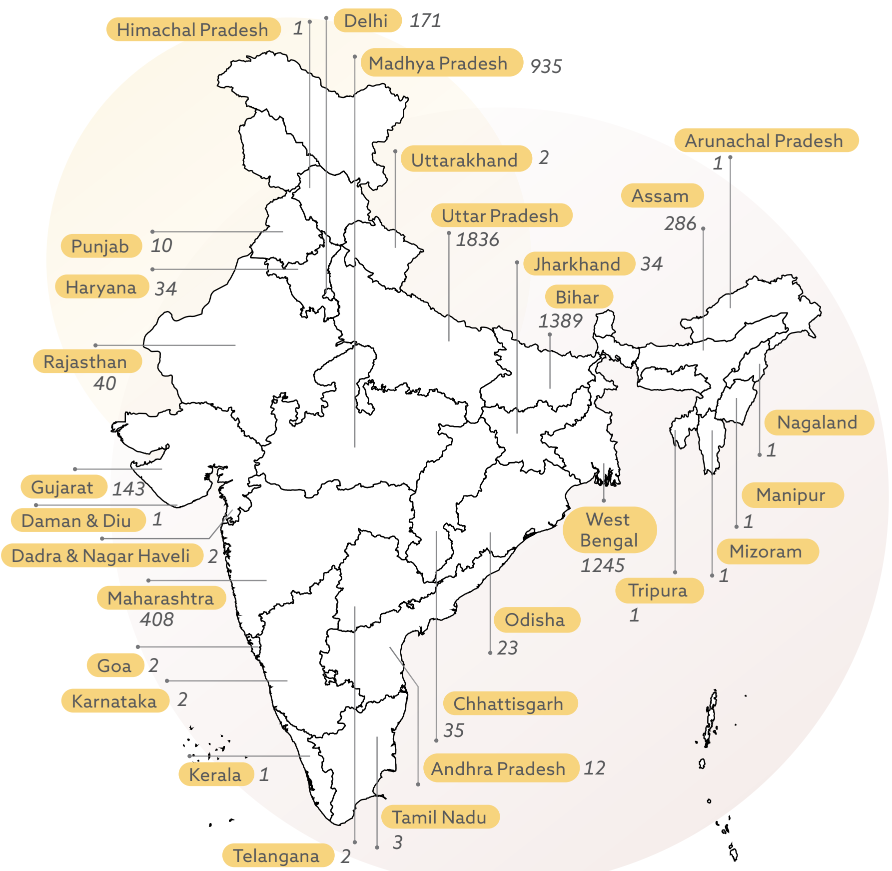
With trust, scale and inclusion as our guiding principles, and a decisive shift in the National Strategy for Financial Inclusion 2025-30 from an access-centric approach to one focused on financial well-being, we aim to drive sustainable development and unlock new opportunities.

Bank Pratinidhis

The Bank Pratinidhi (BP) network remains at the heart of its financial inclusion blueprint. Often comprising local entrepreneurs, kirana store owners and small business operators, the Bank Pratinidhis act as trusted banking touchpoints in their localities. They help customers open accounts, deposit and withdraw cash, transfer money, and access a wide range of banking services closer to home.

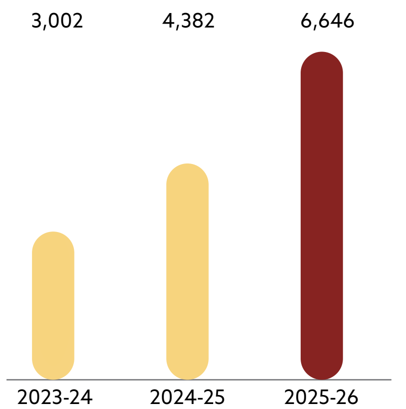
Beyond improving access to banking, the Bank Pratinidhi model also creates livelihood opportunities by enabling individuals to earn an additional source of income while serving their local communities. In FY 2025-26, the Bank expanded its network to 6,646 Pratinidhis, raising it by 52% from the previous year. This expansion has further strengthened the Bank's last-mile presence and enabled greater access to formal banking services across underserved communities.

Number of Bank Pratinidhis in Each State



Note: Map not to scale

Bank Pratinidhi Network

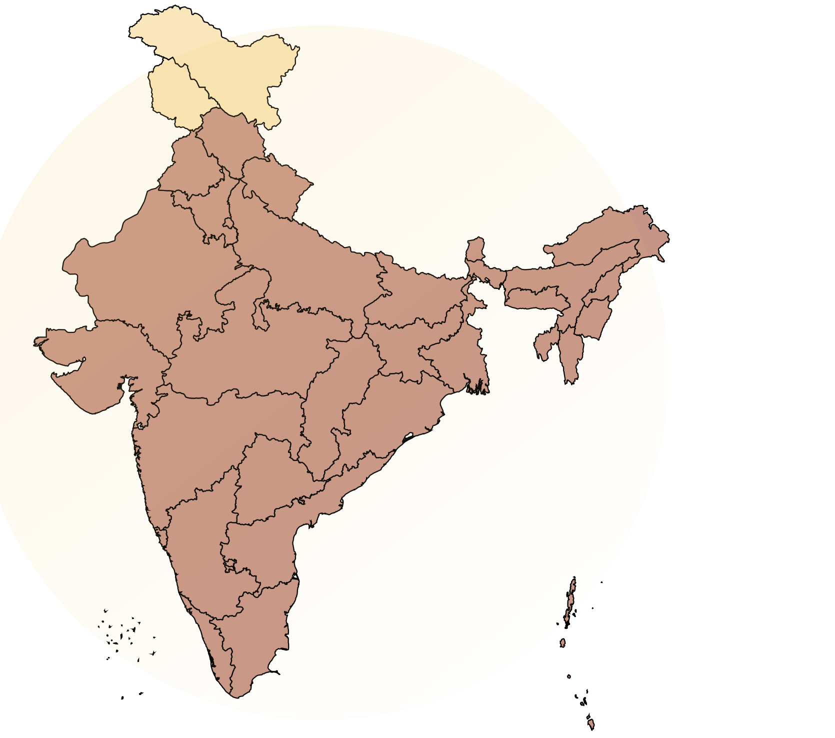


Corporate Business Correspondents

CBCs are institutional partners who help extend the Bank's reach by managing and supporting a network of BC agents, enabling the delivery of banking services in underserved and remote areas.

Through partnerships with 46 CBCs, the Bank has expanded its presence across more than 18,500 pin codes, covering nearly 97% of the country through a network of over 10 lakh BC agents. This extensive network enables the Bank to deliver banking services at scale.

BC Network



Business Correspondent Coverage

Note: Map not to scale

The two networks together help bridge the gap between traditional banking infrastructure and underserved communities by delivering banking services to gig workers, blue-collar employees, migrant labourers, small merchants, self-employed individuals and first-time banking customers.

Customer Service and Accessibility

While the Corporate BC and Bank Pratinidhi network continue to expand banking access, the Bank has also focused on strengthening customer support, rolling out banking outlets to complement its digital and assisted banking channels. These outlets provide support for account servicing, onboarding, product guidance and grievance redressal.

The Bank operates five Controlling Offices across Indore, Mumbai, Ahmedabad, Chhatrapati Sambhaji Nagar, and Azamgarh, with plans to further expand its presence in the coming year.

Financial Inclusion Initiatives

ENABLING EVERYDAY BANKING

The Bank's financial inclusion journey is supported by a suite of assisted banking services that continue to be critical in meeting the everyday financial needs of customers across underserved markets.

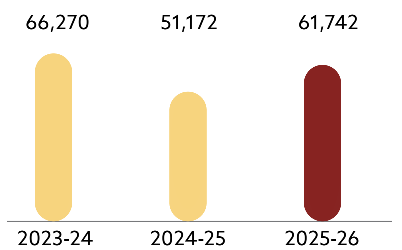
The NSDLPB Pratinidhi App further strengthened its service delivery by providing the Pratinidhis with a unified digital platform to seamlessly offer services such as Aadhaar Enabled Payment System (AePS), Domestic Money Transfer (DMT), Cash Management Services (CMS), account opening and other banking transactions.

Aadhaar Enabled Payment System (AePS)

AePS is a cornerstone of the Bank's mission, leveraging Aadhaar's biometric authentication to deliver seamless services like cash withdrawals, deposits, and fund transfers.

The Bank continues to be among the leading players in the AePS ecosystem, with an estimated market share of 18-20% and a position among the top three players nationally. During FY 2025-26, AePS transaction volumes grew 21% to ₹61,742 crore.

AePS Transactions (₹ Cr)

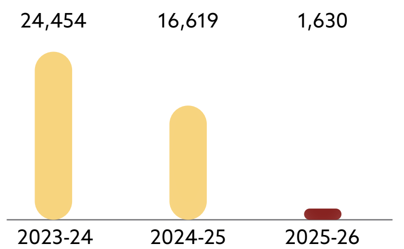


Domestic Money Transfer (DMT)

Domestic Money Transfer (DMT) continues to provide customers with a simple and secure way to transfer money across the country through the Bank's extensive network.

During FY 2025-26, the Bank processed DMT transactions worth over ₹1,630 crores. The decline in volumes was influenced by the rapid adoption of digital transaction modes. This approach reinforces the Bank's commitment to responsible banking while continuing to support the remittance needs of migrant workers, daily wage earners and rural households.

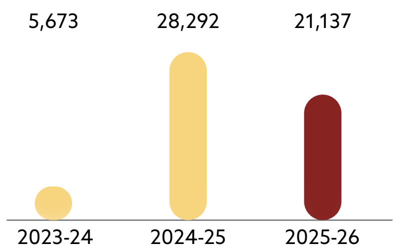
DMT Transactions (₹ Cr)



Cash Management Services (CMS)

The Bank's Cash Management Services enable businesses and institutions to collect and manage cash efficiently across multiple locations. By offering a secure and reliable framework for cash collection and deposits, CMS helps organisations streamline operations and improve cash flow management. During FY 2025-26, CMS transaction volumes stood at ₹21,137 crore, helping the bank maintain a market share of approximately 8%. The decline in volumes was influenced by the growing shift towards digital payment channels.

CMS Transactions

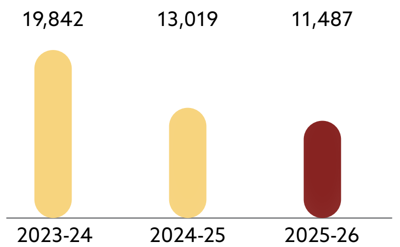


Micro ATM

Micro ATMs are handheld devices operated by Banks extensive onground network that enable customers to access basic banking services such as cash withdrawals and balance enquiries closer to home, particularly in remote and underserved areas.

The increasing adoption of UPI, particularly for small-value transactions, has influenced Micro ATM transaction volumes.

Micro ATM Transactions (₹ Cr)

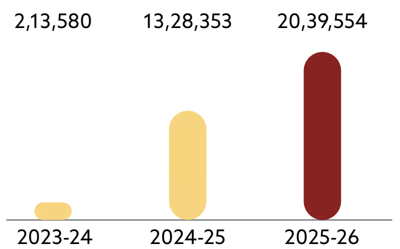


DRIVING FINANCIAL INCLUSION

Customer Addition

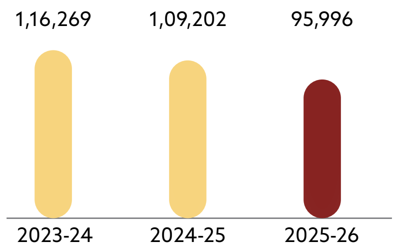
Through its CBC and Bank Pratinidhi network, the Bank continues to make formal banking more accessible to underserved communities. Its Zero Balance Savings Account allows customers to access banking services without the need to maintain any minimum quarterly balance, removing one of the key barriers to formal banking for first-time customers. This makes our CBC and Bank Pratinidhi network particularly relevant for government benefit recipients, gig workers, blue-collar employees, MSME workers and rural households. The Bank opened more than 20 lakh accounts during the year under review.

Number of Accounts



The Bank's inclusive banking transaction volumes reached ₹95,996 crore in FY 2025-26. While transaction patterns across the industry continue to evolve with increasing digital adoption, the Bank remains among the leading players in the financial inclusion space.

Inclusive Banking Transactions (₹ Cr)



CREATING INCLUSIVE COMMUNITIES

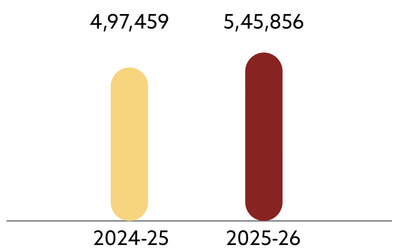
Gig Workers, Blue-collar Employees

The Bank continues to support gig workers, blue-collar employees and contract workers by giving them access to formal banking services through Zero Balance Savings Accounts.

Working closely with employers across industrial clusters, manufacturing units and service sectors, the Bank has facilitated the opening of over 10.43 lakh salary-linked accounts over the last two years, including 5.46 lakh accounts opened in FY 2025-26 alone.

These efforts help workers receive wages through formal banking channels while gaining access to savings, digital payments and other financial services.

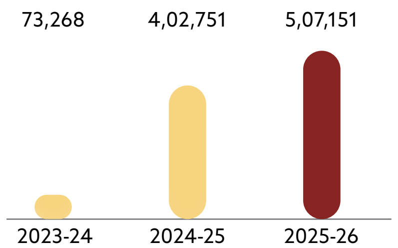
Total Salary Accounts



Women's Empowerment

Women continued to play an important role in the Bank's financial inclusion journey. Access to formal banking services enables women to save securely, receive benefits directly and participate more actively in the formal economy. Reflecting this growing participation, over 5.07 lakh women opened accounts with the Bank during FY 2025-26, compared to 4.03 lakh a year back.

Women Account Acquisitions



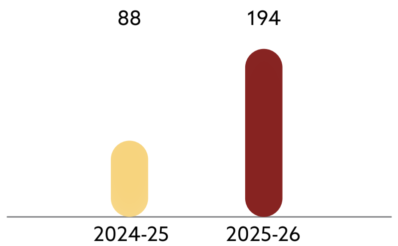
CONNECTING CITIZENS TO GOVERNMENT SERVICES

Aadhaar Seeding and DBT

The Bank continued to facilitate Aadhaar Seeding, enabling customers to link their bank accounts with Aadhaar and receive direct benefits transferred to the accounts from the Government. This ensures the timely, secure and transparent delivery of subsidies, pensions, scholarships and other welfare benefits.

As of March 31, 2026, the Bank had facilitated the credit of over ₹194 crores in government benefits to more than 8.15 lakh beneficiaries, compared to ₹88 crore credited to nearly 1 lakh beneficiaries in the previous year. This significant growth reflects the Bank's continued efforts to expand access to welfare schemes and strengthen financial inclusion among underserved communities

Government Benefit Transfers (₹ Cr)



SPREADING FINANCIAL LITERACY, CREATING AWARENESS

At NSDL Payments Bank, financial literacy remains an important part of our commitment to financial inclusion. During FY 2025-26, the Bank conducted 17 Financial Literacy Camps, eight Fraud Awareness Campaigns and over 100 account opening and door-to-door awareness drives to help individuals understand banking, digital payments and safe financial practices.

A key initiative during the year was Digital Payments Awareness Week (DPAW) 2026, focused on building confidence in digital payments through simple and practical awareness programmes. With a special focus on women, outreach activities were conducted across Assam, Bihar, West Bengal, Uttar Pradesh, Madhya Pradesh, Gujarat and Maharashtra. The Bank also launched 'Jagruk Tuesdays' on social media and regular customer awareness notifications to promote safe banking habits and fraud prevention. Through both on-ground and digital initiatives, the Bank continues to support the creation of a more informed, secure and financially aware society.

Through its expanding network, assisted banking services and customer-focused approach, NSDL Payments Bank continues to strengthen financial inclusion by making banking more accessible, convenient and relevant for millions of customers across the country. These initiatives complement the Bank's efforts to improve access to banking by helping customers use financial services safely and confidently.

Governance

A Culture of Trust, Built with Care

This year, we advanced several initiatives to strengthen customer support, enhance regulatory compliance, sharpen risk oversight and reinforce our internal control framework.

STRENGTHENING COMPLIANCE AND GOVERNANCE

A strong compliance culture is fundamental to maintaining customer trust, upholding regulatory confidence, and ensuring long-term sustainability of the Bank's operations. During FY 2025-26, the Bank continued to strengthen its compliance framework through proactive monitoring, policy enhancements, employee awareness initiatives and close alignment with evolving regulatory requirements.

Regulatory Oversight

The Bank successfully underwent three major audits conducted by the Reserve Bank of India, including:

- Thematic assessment of money mule accounts
- Select Scope Inspection
- CSITE IT examination

In line with the Board-approved compliance plan, compliance testing was carried out in key areas. The Bank undertook a comprehensive review of critical policies and implemented necessary enhancements to align with evolving regulatory expectations. Staff awareness was strengthened through regular training programmes and communication campaigns for employees and Business Correspondents, while specialised KYC and AML training sessions were conducted for the Board and the senior management.

Enhancing Monitoring and Reporting

The Bank further strengthened oversight by:

- Introducing **Key Compliance Indicators (KCIs)** to improve monitoring
- Standardising **FIU reporting** for greater consistency and accuracy
- Closing all **Risk Mitigation Plans (RMPs)** arising from previous audits

the implementation of a digital compliance management tool, enhanced monitoring dashboards and an AI/ML-based real-time AML monitoring solution. Through a continued focus on governance, accountability and continuous improvement, the Bank remains committed to safeguarding integrity, managing regulatory risks and safeguarding stakeholder trust.

A significant achievement in the year was the 'Scheduled Bank' status, which reflected the Bank's strong governance standards, regulatory discipline and compliance culture. The Bank also received the RBI approval for 2,102 PBOs and five Controlling Offices, further strengthening its operational footprints.

Looking ahead, the Bank continues to invest in strengthening its compliance capabilities through

2,102
RBI-approved PBOs

5
RBI-approved Controlling Offices

BUILDING A RESILIENT RISK FRAMEWORK

Effective risk management remains fundamental to protecting customers, safeguarding the Bank's operations and maintaining the trust of regulators, partners and stakeholders. The Bank's Enterprise Risk Management (ERM) framework, supported by Board-approved policies and governance structures, provides a disciplined approach to identifying, assessing and managing risks across the organisation. Oversight is provided by the Risk Management Committee of the Board (RMCB), while executive-level committees monitor and manage risks across key business and operational areas.

To further strengthen its risk management capabilities, the Bank enhanced:

- **Key Risk Indicators (KRIs)** covering fraud, cybersecurity, regulatory compliance, operational resilience, talent management and reputation risks.
- **Risk and Control Self-Assessments (RCSAs)**, incident monitoring, policy reviews and structured vendor risk assessments to enable timely risk identification and mitigation
- **Risk technology**, including a real-time risk dashboard for the Board, automated risk assessment workflows and integrated risk reporting capabilities.

By embedding risk awareness across the organisation and maintaining strong governance and oversight, the Bank continues to build resilience, support informed decision-making and strengthen its foundation for sustainable growth.

STRENGTHENING ASSURANCE AND OVERSIGHT

NSDL Payments Bank has built a robust internal control framework to ensure orderly and efficient conduct of its operations. These controls are designed to safeguard the Bank's assets, promote optimal utilisation of resources, and maintain the accuracy and integrity of financial records. The framework also ensures compliance with applicable laws, regulations, and internal policies.

To further strengthen governance, the Bank has an independent Internal Audit function that provides objective assurance on the effectiveness of internal controls, risk management processes, and governance practices. This function plays a vital role in ensuring compliance. The Bank reinforces high standards of governance and accountability by empowering the Internal Audit function with full independence, appropriate authority, and sufficient resources. Internal auditors operate with objectivity and deliver unbiased assurance. The head of the Internal Audit department reports directly to the Audit Committee of the Board, strengthening the independence and integrity of the function.

In alignment with the Reserve Bank of India (RBI) guidelines on Risk-Based Internal Audit (RBIA), the Bank further strengthened its assurance framework through:

- **Implementation of a comprehensive Internal Audit Policy** and a Risk-Based Audit Plan (RBAP) calendar.
- **Internal audits conducted in accordance with the approved annual audit plan,** with key findings, observations and recommendations reported regularly to the Management and the Audit Committee of the Board.
- **Introduction of concurrent audits** to enhance oversight and enable continuous evaluation of operational processes. Significant observations, along with management responses, are periodically presented to the Audit Committee, ensuring accountability and timely action.
- **Expansion of Internal Audit coverage** to include information systems and cybersecurity as part of the Bank's ongoing digital transformation journey. External domain experts are engaged to conduct these specialised audits.
- **A structured mechanism to track the implementation of audit recommendations,** with progress updates reported regularly to the Audit Committee of the Board.

The Bank remains committed to continuously strengthening its internal control systems to address emerging risks and uphold high standards of governance, transparency, and accountability.

PUTTING CUSTOMERS FIRST

Trust is built not only through secure products and strong governance, but also through the way customers are supported when they need assistance. As the Bank's customer base continued to grow, significant efforts were made to strengthen customer care capabilities and ensure a responsive, reliable and accessible service experience across channels.

During the year, the Bank further enhanced its customer service capabilities through the implementation of an advanced CRM platform, enabling better case management and a unified view of customer interactions. Customer accessibility was strengthened through multiple service helplines, while intelligent call routing and IVR enhancements helped improve responsiveness and connect customers to the right support teams more efficiently. The Bank also continued to invest in capacity planning, workforce expansion and regular training programmes to ensure service standards keep pace with business growth.

Customer protection remained a key priority. To strengthen cyber fraud response and customer support, Bank officials were deployed at the Indian Cyber Crime Coordination Centre (I4C) in Delhi, enabling closer coordination with law enforcement agencies and faster resolution of cybersecurity cases. Process improvements and continuous monitoring of service quality have further helped reduce resolution timelines and enhance customer experience.

The Bank's efforts have been recognised through appreciation from regulatory authorities for the prompt handling and resolution of customer complaints, particularly cyber fraud cases. These initiatives reflect the Bank's continued commitment to protecting customers, strengthening trust and delivering a responsive and reliable banking experience.

Board of Directors

Mr. Dhananjaya A. Tambe
Non-executive Chairman and Independent Director

Mr. Vijay Chandok
Non-executive Director

Mr. Sitaram Pothukuchi
Independent Director

Ms. Shanta Vallury Gandhi
Independent Director

Mr. Patric Barla
Independent Director

Mr. Abhijit M. Kamalapurkar
Managing Director & CEO

Leadership Team

Mr. Abhijit M. Kamalapurkar
MD & CEO

Mr. Harsh Kamdar
Chief Financial Officer

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

Mr. Nishant Vasani
Chief Business Officer

Mr. Ashutosh Shirbhate
Chief Technology Officer

Arunkumar Pandey
Chief Operating Officer

Mr. Ashish Shah
Chief Risk Officer

Mr. Harish Madambath
Chief Compliance Officer

Nagesh Bangera
Head Internal Audit

Our People

Together, We Grow

We believe that sustained success begins with empowered people. By creating opportunities to learn, collaborate and grow, we are building a workplace where employees can thrive while contributing meaningfully to our purpose and long-term aspirations.

In FY 2025-26, we invested in building a capable and future-ready workforce of 240 professionals, strengthening the talent and capabilities required to support its next phase of growth.

LEARNING AND GROWING TOGETHER

Continuous learning remained a key focus during the year, with initiatives designed to build technical expertise, strengthen collaboration and broaden organisational understanding.

Our Paathshaala initiative enabled employees to gain deeper insights into how different departments function and contribute to our success, fostering stronger cross-functional collaboration and improved coordination. Leadership interactions, functional learning sessions and external training programmes further supported employees in developing new capabilities and preparing for future opportunities.

240
Total employees

Highlights

- **Paathshaala** strengthened cross-functional learning and collaboration
- Leadership interactions and functional learning sessions enhanced business understanding
- External training programmes supported continuous capability development

AN ENGAGED AND INCLUSIVE WORKPLACE

We focused on enabling a culture built on openness, collaboration and employee engagement. CEO Townhalls provided employees with opportunities to interact directly with leadership, gain insights into the Bank's strategic direction and share ideas.

Employee engagement initiatives, cultural celebrations and wellness activities strengthened team spirit while creating a positive and inclusive workplace where employees felt connected and valued. Women represented **24%** of the Bank's workforce during the year, reflecting the Bank's continued commitment to building a diverse workplace that offers equal opportunities for learning, growth and career development.

24%
Women in the workforce

RECOGNISING EXCELLENCE

Recognising and celebrating employee contributions remained an integral part of the Bank's people philosophy. Through initiatives such as Pragati and Appreciation Cards, we acknowledged individual and team achievements while encouraging a culture of ownership, excellence and continuous improvement.

By fostering an environment where employees are empowered to learn, collaborate and perform at their best, the Bank continues to strengthen the foundation for sustained growth. It is the passion, resilience and dedication of its people that will continue to shape the Bank's future.

Looking Ahead: FY 2026-27

Building on the strong momentum of FY 2025-26, NSDL Payments Bank will continue to strengthen its position as a technology-led and customer-centric financial institution. The Bank's focus will remain on expanding its customer base, deepening financial inclusion and enhancing digital banking experiences through continuous innovation.

Growth priorities include scaling the payments ecosystem, strengthening NSDL Jiffy, expanding UPI Acquiring, and broadening the portfolio of savings, investment, insurance, prepaid and lending solutions through strategic partnerships. These initiatives will enable the Bank to serve a wider range of customer needs while creating a more integrated financial ecosystem.

At the same time, the Bank will continue to invest in technology, data, artificial intelligence, cybersecurity and governance to build a resilient, future-ready organisation. By combining innovation with strong risk management and a continued commitment to financial inclusion, NSDL Payments Bank is well positioned to create sustainable long-term value for its customers, partners and stakeholders, while advancing its vision of building India's most trusted inclusive digital bank.

Corporate Information

BOARD OF DIRECTORS

Mr. Dhananjaya Tambe
Part Time Chairman and Independent Director

Mr. Vijay Chandok
Non-executive Director

Mr. Patric Barla
Independent Director

Mr. Sitaram Pothukuchi
Independent Director

Ms. Shanta Vallury Gandhi
Independent Director

Mr. Abhijit Kamalapurkar
Managing Director & Chief Executive Officer

BANKERS

HDFC Bank
IDBI Bank
Bank of America
Bank of India
Yes Bank

STATUTORY AUDITORS

M/s. K. Gopal Rao & Co.
Chartered Accountants
No. 21, Moosa Street, T. Nagar, Chennai
Tamil Nadu - 600017

HEAD OF INTERNAL AUDIT

Mr. Nagesh Bangera

SECRETARIAL AUDITORS

M/s. Makarand M. Joshi & Co.
Company Secretaries
803-804, Ecstasy, City of Joy, JSD Road,
Mulund – West, Mumbai – 400080

REGISTERED OFFICE

4th Floor, Tower 3, One International Centre,
Senapati Bapat Marg, Prabhadevi,
Mumbai – 400013
Email: care@nsdlbank.co.in
Tel: 022 – 49142756
CIN: U65900MH2016PLC284869

Follow NSDL Payments Bank:

Notice of Tenth Annual General Meeting

Notice is hereby given that the Tenth (10th) Annual General Meeting of the Members of NSDL Payments Bank Limited will be held on Saturday, September 12, 2026 at 10.00 AM IST through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM"). The venue shall be deemed to be Registered Office of the Bank i.e., 401, 4th Floor, Tower 3, One International Center, Senapati Bapat Marg, Prabhadevi, Mumbai 400013.

ORDINARY BUSINESS:

1. **To receive, consider and adopt the audited financial statements for the year ended March 31, 2026, 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, 2026, and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

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

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

   "**RESOLVED THAT** Mr. Vijay Chandok (DIN: 01545262), who retires by rotation and being eligible for re-election, be and is hereby re-elected as a Director of the Bank."

SPECIAL BUSINESS:

3. To approve re-appointment of Mr. Sitaram Pothukuchi (DIN:00311538) as an Independent Director of the Bank for the second term

   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. Sitaram Pothukuchi (DIN:00311538) 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 a second term of three (3) consecutive years, commencing from 25th October, 2026, immediately upon completion of the first term which commenced on 25th October, 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 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 resolution, including filling of necessary e-forms with the Registrar of Companies, RBI and such other regulatory authorities."

4. **To approve the re-appointment of Mr. Abhijit M. Kamalapurkar (DIN: 08849177) as MD & CEO of the Bank for a third term of 3 years.**

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

   "**RESOLVED THAT** in accordance with the provisions of Section 196 of the Companies Act, 2013, Section 10 of Banking Regulation Act, 1949, applicable Reserve Bank of India₹s (RBI) extant guidelines, the Articles of Association of the Bank, and subject to approval by RBI, approval by the members be and is hereby accorded to re-appoint Mr. Abhijit M. Kamalapurkar (DIN: 08849177) as Managing Director and Chief Executive Officer of the Bank for a third term of 3 years commencing from March 09, 2027 to March 08, 2030 (both days inclusive) at a remuneration as may be approved by RBI from time to time, and to further alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and such that it is within the overall approvals and conditions as may be given/laid by the RBI, from time to time.

   RESOLVED FURTHER THAT remuneration to MD & CEO for the Financial Year 2026-2027 shall be based on the performance evaluation carried out by Board/Nomination and Remuneration Committee which shall further be subject to approval by RBI.

   RESOLVED FURTHER THAT Mr. Abhijit M. Kamalapurkar, upon his re-appointment as Managing Director & Chief Executive Officer of the Company, shall continue to be vested with and exercise all powers, authorities and responsibilities presently delegated to and exercised by him, unless otherwise modified by the Board from time to time.

   RESOLVED FURTHER THAT any Director or Company Secretary of the Bank be and is hereby severally authorised to digitally sign and file necessary e-Forms in this regard with the Registrar of Companies, Mumbai and to do all such acts and things as are necessary for giving effect to above resolutions."

5. **To approve the compensation of Mr. Abhijit M. Kamalapurkar (DIN: 08849177), MD & CEO for the Financial Year 2026-2027.**

   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 Reserve Bank of India (Payments Banks - Governance) Directions, 2025 dated November 28, 2025, and subject to approval by RBI, the members hereby approve the remuneration of ₹ 2,70,00,000 per annum, comprises a total fixed pay of ₹ 1,35,00,000 per annum and a target variable pay (performance-linked incentive) equivalent to 100% of the fixed pay, payable at the end of the financial year. The variable pay is proposed to be split between cash and non-cash components in the ratio 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 01, 2026, for FY 26-27 subject to approval of the Reserve Bank of India (RBI) on the terms and conditions as mentioned below:

   - Salary and allowances will be as per Annexure I a.
   - The Bank will be entitled to deduct from the payment due to him, applicable taxes and statutory levies and any dues payable by him to the Bank.
   - Compensation of MD&CEO shall be as per the Remuneration and Compensation Policy of the Bank, read with the applicable provisions of the Banking Regulation Act, Reserve Bank of India (Payments Banks - Governance) Directions, 2025 dated November 28, 2025, and such other any amendments therein or any circulars/guidelines as may be notified by RBI from time to time.

Annexure I a

CTC Structure	PM	PA
Basic Salary	3,37,500	40,50,000
Special Allowance	2,25,000	27,00,000
House Rent Allowance	2,25,000	27,00,000
Conveyance Allowance	1,57,444	18,89,325
Leave Travel Concession	1,12,500	13,50,000
Gross Earnings (A)	**10,57,444**	**1,26,89,328**
Employer PF	40,500	4,86,000
Gratuity	27,056	3,24,675
Employer ESIC	0	0
Employer NPS	0	0
Retiral Benefits (B)	**67,556**	**8,10,675**
Total Fixed (A+ B)	**11,25,000**	**1,35,00,000**
Variable Pay (Cash)		54,00,000
Variable Pay (Non-Cash)		81,00,000
Total Variable Pay		**1,35,00,000**
Total CTC		**2,70,00,000**

**The Cash and Non-Cash variable represent the highest earning potential, based on both individual and organisational performance.*

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

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

Place: Mumbai
Date: August 18, 2026

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

Gautam Goswami
Company Secretary
Membership No. A48726

NOTES:

1. The Ministry of Corporate Affairs ('MCA') vide General Circular No. 3/2025 dated 22 September 2025 read with General Circular No. 9/2024 dated 19 September 2024, General Circular No. 9/2023 dated 25 September 2023, General Circular No. 10/2022 dated 28 December 2022, General Circular No. 2/2022 dated 5 May 2022, General Circular No. 2/2021 dated 13 January 2021, General Circular No. 20/2020 dated 5 May 2020, General Circular No. 17/2020 dated 13 April 2020 and General Circular No. 14/2020 dated 8 April 2020 (collectively referred to as 'MCA Circulars') permitted holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), without the physical presence of the members at a common venue. Accordingly, in compliance with the applicable regulatory provisions, the AGM of the bank is being held through VC/OAVM. The deemed venue of the AGM shall be the Registered Office of the bank.

2. As the AGM shall be conducted through VC/OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Bank located at 401, 4th Floor, Tower 3, One International Center, Senapati Bapat Marg, Prabhadevi Mumbai 400013, which shall be deemed venue of the AGM.

3. Members are requested (Institutional/Corporate Shareholders) to send a scanned copy (PDF/JPEG format) of the Board Resolution authorising its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at secretarial@nsdlbank.co.in

4. The Notice of the 10th Annual General Meeting of the Bank is being sent to members whose names appear in the BENPOS as on August 18, 2026.

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

5. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA, the dispatch of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

6. Members holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participants. In case of any queries/difficulties in registering the e-mail address, Members may write to secretarial@nsdlbank.co.in

7. The Notice of AGM along with Annual Report for the financial year 2025-26, is available on the website of the Company http://www.nsdlbank.com

PROCEDURE FOR JOINING THE AGM THROUGH VC/OAVM:

8. Members will be able to attend the 10th AGM through VC/OAVM Facility. For this purpose, please use the Microsoft Teams Link shared in the email to join the said meeting.

9. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.

10. Members who need assistance with the use of technology for joining the AGM through VC/OAVM can contact the Company Secretary at the below mentioned email id:
Email id: secretarial@nsdlbank.co.in

11. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

12. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

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

13. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/send their queries in advance mentioning their name, email id, mobile number at secretarial@nsdlbank.co.in Questions/queries received by the Company till 10.00 a.m. on September 08, 2026, shall only be considered and responded during the AGM.

14. Members who would like to express their views or ask questions during the AGM may raise their hands as per the functionality available on the Microsoft Teams application, however the Company reserves the right to restrict the number of questions and number speakers, as appropriate for smooth conduct of the AGM.

GENERAL INFORMATION:

15. The voting rights shall be as per the number of equity shares held by the Member(s) as on AGM date.

16. During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Act shall be available for inspection upon request.

17. Members holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividends. The Bank cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice of the 10th Annual General Meeting of the Bank.

ITEM NO. 3

Special Resolution

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.

Mr. Sitaram Pothukuchi (DIN:00311538) was re-appointed as an Independent Director of the Company for a term of three (3) years commencing from October 25, 2023 and ending on October 24, 2026 (both inclusive). His current term is due to expire on October 24, 2026. In accordance with Section 149(10) of the Companies Act, 2013, read with Schedule IV, an Independent Director is eligible for re-appointment for a second term of up to three years.

Pursuant to the provisions of the Companies Act, 2013 and Secretarial Standard-2 on General Meetings, the performance evaluation of Mr. Sitaram Pothukuchi was carried out by the Board of Directors and the Nomination and Remuneration Committee. Based on the assessment of his performance and contributions to the Board's deliberations, the Board and the Nomination and Remuneration Committee are of the view that Mr. Pothukuchi is fit for re-appointment for a second term.

Based on the Board evaluation conducted for FY 2025-26, Mr. Pothukuchi received an overall average rating of approximately 4.9 out of 5, reflecting the high regard and confidence placed in him by his fellow Board members. He received a perfect score of 5 out of 5 in key evaluation parameters such as Analysis, Governance and Ethics, and Stakeholder Management. Board members particularly acknowledged his commitment to strong governance practices, high ethical standards, regulatory compliance, and stakeholder interests. He has consistently demonstrated independence, integrity, strategic acumen, and active participation in Board deliberations, in line with the criteria prescribed under Schedule IV read with Section 149(8) of the Companies Act, 2013. His contributions have been instrumental in supporting the Bank's effective governance and strategic oversight.

Based on the outcome of the performance evaluation, and considering the integrity, expertise, experience, and valuable guidance provided by Mr. Sitaram Pothukuchi during his tenure, the Nomination and Remuneration Committee and the Board of Directors, at their respective meetings held on July 20, 2026 and July 23, 2026, have recommended the re-appointment of Mr. Sitaram Pothukuchi as an Independent Director of the Bank for a second term of three (3) consecutive years commencing from October 25, 2026 up to October 24, 2029, subject to approval by members of the Bank.

Mr. Sitaram Pothukuchi has submitted a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and has also confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act.

In the opinion of the Board, Mr. Sitaram Pothukuchi fulfils the conditions specified in the Companies Act, 2013 for re-appointment as an Independent Director and is independent of the management of the Bank. The Board is also satisfied that he meets the 'Fit and Proper' criteria as prescribed under the applicable guidelines issued by the Reserve Bank of India.

Pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013, the re-appointment of Mr. Sitaram Pothukuchi as an Independent Director for a second term requires the approval of the Members by way of a Special Resolution.

Mr. Sitaram Pothukuchi shall not be liable to retire by rotation during his tenure.

Except Mr. Sitaram Pothukuchi and his relatives, none of the other Directors or Key Managerial Personnel of the Bank or their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 1.

The Board of Directors recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the Members.

ITEM NO. 4

The Board at its meeting held on July 23, 2026, based on the recommendation of the Nomination and Remuneration Committee of the Bank held on July 20, 2026, appointed Mr. Abhijit M. Kamalapurkar (DIN: 08849177) as Managing Director & Chief Executive Officer (MD & CEO) of the Bank for a third term of 3 years consecutive years, commencing from March 09, 2027 to March 08, 2030 (both days inclusive).

In view of aforesaid provisions, it is now proposed to re-appoint Mr. Abhijit M. Kamalapurkar as MD & CEO for third term of 3 years commencing from March 09, 2027 to March 08, 2030 (both days inclusive), not liable to retire by rotation, subject to approval by RBI as his tenure of first term concludes on March 08, 2027.

Mr. Kamalapurkar has been associated with the Bank since March 09, 2021, and has played a pivotal role in establishing and strengthening the Bank's digital banking franchise, governance framework, risk management practices, regulatory compliance standards, and overall business performance & profitability. Under his leadership, the Bank has continued to focus on sustainable growth, operational efficiency, customer-centric innovation, and prudent risk management.

Mr. Kamalapurkar is a seasoned banking professional with nearly three decades of extensive experience across some of India's leading financial institutions, including HDFC Bank, JP Morgan Chase, Yes Bank, and IDFC FIRST Bank. Over the course of his career, he has developed deep expertise in Transaction Banking, encompassing Cash Management, Trade Finance, Payments, and Corporate Banking solutions.

A significant part of Mr. Kamalapurkar professional journey has been associated with institutions during their formative and evolving phases. Through his experience across diverse organizations, he has developed deep expertise in establishing operating frameworks, building organisational capabilities, strengthening processes and controls, and fostering effective teams. His involvement in setting up and expanding banking platforms has provided him with a strong understanding of business operations, transformation initiatives, and execution-focused management.

Mr. Kamalapurkar has successfully led large-scale business initiatives, strengthened client relationships across corporate and institutional segments, and fostered innovation in banking solutions.

As Managing Director & Chief Executive Officer, Mr. Kamalapurkar brings a unique blend of strategic foresight, operational expertise, and transformative leadership, enabling the organization to capitalise on growth opportunities while maintaining a strong focus on governance, customer value, and sustainable business performance.

Mr. Kamalapurkar assumed leadership during an exceptionally challenging period when the COVID-19 pandemic created significant disruption across economies, businesses, and communities worldwide. Amid a highly uncertain operating environment, he demonstrated resilience, steadiness, and sound judgement, guiding the Bank through a period marked by unprecedented challenges. Under his leadership, the Bank maintained operational continuity while ensuring that the interests and well-being of employees, customers, and other stakeholders remained a key priority. His efforts culminated in a significant milestone for the organization, with NSDL Payments Bank achieving profitability for the first time in FY 2022-23.

The confidence reposed in his leadership is further evidenced by the approval of his reappointment for a second term by the regulator. The Reserve Bank of India (RBI), vide its letter dated February 07, 2024, approved the re-appointment of Mr. Abhijit M. Kamalapurkar (DIN: 08849177) as the Managing Director & Chief Executive Officer (MD & CEO) of NSDL Payments Bank Limited for a second term of three years, effective from March 09, 2024, to March 08, 2027 (both days inclusive).

The current term of Mr. Kamalapurkar as MD & CEO is scheduled to conclude on March 08, 2027. Considering the factors set out below, it is proposed to re-appoint him as the Managing Director & Chief Executive Officer for a third term of three years, from March 09, 2027, to March 08, 2030 (both days inclusive), subject to the approval of the Reserve Bank of India.

Except Mr. 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.4. The Members are requested to consider and approve the same.

Item 5

The Board at its meeting held on April 20, 2026, based on the recommendations of the Nomination and Remuneration Committee ("the Committee"), approved the compensation of MD & CEO for FY 2026-27, in line with Reserve Bank of India (Payments Banks - Governance) Directions, 2025 dated November 28, 2025, subject to approval by members of the Bank and RBI. The Bank proposes a remuneration of ₹ 2,70,00,000 per annum comprising of total fixed pay of ₹ 1,35,00,000 per annum and a target variable pay (performance-linked incentive) equivalent to 100% of the fixed pay, payable at the end of the financial year. The variable pay is proposed to be split between cash and non-cash components in the ratio of 40:60 as part of the remuneration to Mr. Abhijit Madhukar Kamalapurkar [DIN: 08849177], Managing Director & CEO of the Bank, with effect from April 1, 2026, for FY 2026-27.

The Bank vide letter Ref No: NPBL/CS/26-27/02 dated June 08, 2026, made an application to RBI seeking its approval for revision in the remuneration to MD & CEO for the FY 2026-2027. The aforesaid application made by the Bank is pending with RBI for its approval. The compensation of the Managing Director & CEO shall be subject to approval by the Reserve Bank of India and shall remain within the limits approved by the shareholders.

The key highlights of business for FY 2025-26 are as follows:

1. **Risk Management, Operational Resilience and Security Governance**

   Over the last two years, the Bank has undertaken a significant transformation in its risk management capabilities, evolving from a predominantly manual and compliance-driven approach to a proactive, technology-enabled, and enterprise-wide risk management framework.

   During this time, the Bank further strengthened its Enterprise Risk Management (ERM) Framework, resulting in enhanced governance oversight, improved control effectiveness, and greater organisational resilience. The framework now enables integrated monitoring across 65 Key Risk Indicators (KRIs) spanning eight critical risk categories, providing management and the Board with comprehensive visibility into emerging risks and control performance. The KRI framework itself has matured significantly over the last two years, progressing through multiple enhancements and evolving from static threshold-based monitoring to a more sophisticated methodology that incorporates control effectiveness, risk trends, and predictive indicators.

As of Q4 FY 2025-26, the Bank achieved an overall Control Effectiveness Score of 76%, reflecting a stable and well-managed control environment. The Vendor Risk Management framework was transformed through the implementation of a comprehensive workflow-driven platform that automates vendor risk classification, approval workflows, risk assessments, and management reporting across 251 active vendor arrangements, significantly improving consistency, transparency, and oversight.

Similarly, the Bank expanded and deepened its Risk and Control Self-Assessment (RCSA) program, resulting in cumulative coverage of 14 critical business processes and over 410 identified risk scenarios. This expansion has enabled more granular identification of operational vulnerabilities and strengthened accountability across business functions. As a result of these enhancements, the Bank's operational risk management capabilities have evolved from a reactive incident-management model to a forward-looking and predictive approach focused on early risk identification, preventive controls, and continuous monitoring. Notably, operational loss events have shown a declining trend despite sustained growth in business activity and transaction volumes, underscoring the effectiveness of the strengthened control environment.

The Bank has also made substantial progress in enhancing its operational resilience framework. During the year, the Bank successfully achieved recertification under ISO/IEC 27001:2022, reaffirming its commitment to globally recognised information security standards and governance practices. Building on this foundation, the Bank established a comprehensive Business Continuity Management (BCM) Framework incorporating enterprise-wide Business Impact Assessments (BIA), clearly defined Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs), crisis management and escalation protocols, employee awareness programs, call-tree activation mechanisms, and periodic simulation exercises to test organisational readiness and resilience under adverse operating conditions.

Pursuant to regulatory directions and evolving cybersecurity expectations prescribed by the Reserve Bank of India, the Bank implemented the required measures within the stipulated timelines and strengthened its overall cyber security framework. The Bank adopted a Zero Trust security architecture and enhanced its security ecosystem through advanced threat detection and response capabilities, 24x7 Security Operations Centre (SOC) monitoring, centralised vulnerability and patch management, endpoint protection, privileged access management, secure DevSecOps and CI/CD practices, data loss prevention controls, and strengthened cloud security governance.

In line with regulatory requirements, the Bank also enhanced its cyber resilience through red-team assessments, attack surface monitoring, ransomware preparedness exercises, threat intelligence integration, and strengthened oversight of third-party cybersecurity risks, ensuring timely implementation of regulatory expectations and continued improvement of its security posture.

In response to the evolving fraud landscape and regulatory expectations, the Bank implemented an AI/ML-powered Fraud Risk Management Platform and related risk controls within the prescribed timelines. These initiatives strengthened fraud detection prevention, monitoring, and investigation capabilities across payment channels, while enhancing customer protection and supporting compliance with regulatory requirements.

2. Compliance:

i. Regulatory Recognition and Strategic Expansion

The Bank was accorded Scheduled Bank Status in July 2025, a significant regulatory milestone that reflects the institution's financial strength, governance standards, and operational stability.

ii. Strong Supervisory Outcomes and Regulatory Confidence

During the period, the Bank successfully underwent multiple RBI supervisory assessments, including:

- Full Scope Inspection 2025
- Thematic Select Scope Audit 2025
- Select Scope Inspection 2026

The Supervisory Assessment Report for the Select Scope Inspection was received on 9 April 2026, with the overall supervisory outcomes reflecting a robust control environment, effective governance mechanisms, and a strong culture of compliance across the Bank.

iii. Effective Management of Regulatory Observations

- The Bank reported a minimal number of Risk Mitigation Plans (RMPs) arising from supervisory engagements.
- All RMPs were successfully implemented and closed within the timelines committed to the Reserve Bank of India, demonstrating strong accountability and disciplined execution.
- Out of the 144 IRAR line items, all except six have been recommended for closure to the RBI within the stipulated timelines. This reflects the Bank's focused approach towards addressing supervisory observations and implementing the required remedial measures in a timely manner.

Inclusion of Bank in Second Schedule of the RBI Act, 1934

During his second term with the Bank, RBI accorded approval on 18 July 2025 to the Bank as a Scheduled Payments Bank by including it in the Second Schedule to the RBI Act. FY 20-26 has delivered tangible benefits. The Bank earned ₹ 1.10 crore during July 25–December 2025 by deploying surplus funds through RBI's Standing Deposit Facility, with income of ~₹ 2 crore in FY26 and ~₹ 3 crore in FY27. Scheduled status has enhanced customer confidence, increasing average monthly acquisitions from ~1.37 lakh in Q1 FY26 to ~1.82 lakh in Q3 FY26. It has strengthened investor confidence, enabled participation in government schemes and agreements, and facilitated launch of new products such as ASBA and para-banking services.

3. Strengthening Audit Framework

The Bank continued to enhance its governance, audit, and regulatory compliance framework through targeted initiatives, strengthened supervisory mechanisms, and technology-enabled interventions. These efforts improved oversight, enhanced risk visibility, and supported alignment with evolving regulatory expectations.

i. Technology-Enabled Audit Monitoring

- Implemented a centralised exception monitoring and reporting framework under the Concurrent Audit and Internal Audit programme, as approved by the Audit Committee and the Board.
- Enabled automated identification and tracking of exceptions across critical processes, including KYC and customer due diligence, agent onboarding and monitoring, prepaid card operations, and other regulatory compliance areas.
- Improved management oversight through timely reporting, corrective action tracking, and escalation of control gaps, thereby strengthening the Bank's internal control environment.

ii. Process and Control Enhancements

- Strengthened CKYC compliance processes and regulatory reporting controls for prepaid card operations.
- Introduced enhanced due diligence and negative screening controls for agent onboarding.
- Implemented system-based validations and controls to prevent unauthorised or incomplete applications.
- Formalised the Purchase Order issuance and approval process through defined governance and documentation standards.
- Enhanced reconciliation and monitoring controls relating to NPCI fraud chargebacks, Business Correspondent recoveries, and other operational processes.
- Incorporated critical operational and control processes into Standard Operating Procedures (SOPs) to ensure consistency, accountability, and compliance.
- Strengthened process governance and control effectiveness across key business and support functions through periodic review and monitoring mechanisms.

4. Financial Overview

Over the past three years, the Bank has demonstrated strong and consistent growth across its balance sheet, customer franchise, and profitability. This growth has been driven by successful capital infusion, inclusion as a Scheduled Commercial Bank, expansion of the deposit base, strengthening of treasury operations, and continued investment in infrastructure and technology. Deposit mobilisation has emerged as a key strategic pillar, with significant growth in the customer base supported by partner-led acquisitions, corporate tie-ups, and digital onboarding through the Jiffy app. The expanding CASA franchise has strengthened liquidity, supported growth in treasury investments, and contributed meaningfully to overall earnings. Profitability has improved steadily as the Bank diversified and deepened its product portfolio while maintaining disciplined cost management. Transaction banking businesses have continued to gain traction, with notable momentum in UPI acquiring, cash management, prepaid instruments, and payment services, reinforcing the Bank's position in the digital payments ecosystem. At the same time, the Bank has invested in enhancing employee capabilities, improving retention, upgrading its technology platform, and strengthening operational resilience.

Going forward, the focus remains on accelerating CASA growth, deepening customer engagement, scaling transaction banking businesses, and implementing key technology initiatives to support sustainable long-term growth and operational excellence.

CASA Growth

CASA growth remains a key strategic priority for the Bank and is a key pillar of its FY27 business plan. As part of its long-term deposit mobilisation strategy, the Bank has been building its CASA franchise through a combination of partnerships, corporate tie-ups, and digital customer acquisition through the Jiffy app. The Bank has pursued this growth while maintaining appropriate risk management and regulatory controls, including measures to mitigate risks associated with mule accounts and fraud. A stronger and more granular CASA base is expected to support growth in deposits, investments, treasury income, and the overall balance sheet, while enhancing the Bank's participation in the digital payments ecosystem.

- These initiatives have resulted in significant customer acquisition, with the customer base increasing from 24.2 lakh in March 2025 to 43.5 lakh in March 2026, representing 80% growth. The customer base is budgeted to further increase to 74.83 lakh by March 2027.
- Deposit balances increased from ₹ 179 crore in FY25 to ₹ 380 crore in FY26, reflecting the continued expansion of the Bank's CASA franchise. The FY27 budget targets deposit balances of ₹ 790 crore through new account acquisition and deeper engagement with existing customers.
- Growth in CASA balances supported expansion of the Bank's treasury portfolio, with investments increasing from ₹ 319 crore to ₹ 694 crore, representing growth of approximately 118%.
- Treasury income increased from ₹ 14 crore in FY25 to ₹ 25 crore in FY26, contributing approximately 26% of the Bank's net contribution.
- Customer engagement continued to strengthen, with customers carrying out 136 crore UPI transactions and 0.47 crore ATM transactions during FY26.
- The Bank's increasing participation in the digital payments ecosystem is reflected in its position as the 34th largest UPI remitter, as per NPCI statistics for May 2026.

Below is the summary of Summary of Business & Financials:

Amount

	FY24	FY25	FY26	Q1'27	FY27 (B)
Deposits (₹ crs)	59.3	178.9	380.1	379.3	790.1
Cash and Investments (₹ crs)	264.0	410.5	788.4	893.7	1,394.6
Balance sheet size (₹ crs)	333.1	515.6	926.9	1,060.4	1,581.2
Net worth (₹ crs)	132.2	130.7	176.6	178.2	173.2
Contribution (₹ crs)	43.6	55.6	96.5	25.2	125.1
Fixed Cost (₹ crs)	41.9	53.8	80.6	23.7	109.6
PBT (₹ crs)	1.7	1.8	15.9	1.5	15.5
Cumulative Customer base (# in lakhs)	8.1	24.2	43.5	49.5	74.8
Average balance per account (₹)	722.2	735.6	851.0	765.6	1,055.9
Treasury Income (₹ crs)	10.9	14.3	25.5	8.1	47.6
Treasury Yield (₹ crs)	7.20%	6.90%	6.02%	5.87%	5.09%
Cash Out Volumes (AePS/MATM) (₹ crs)	86,112.0	64,190.0	73,229.3	15,534.1	74,764.3
Remittance Volumes (Including settlements) (₹ crs)	31,320.5	24,452.8	15,042.4	4,000.9	20,427.5
PPI Volumes (₹ crs)	6,887.0	8,955.8	7,812.6	4,206.0	9,416.7
NCMC Cards base (# in lakhs)	-	-	14.1	58.9	70.0
CMS Volumes (₹ crs)	5,673.0	28,392.0	21,137.3	6,203.5	31,290.7
UPI Acquiring Volumes (₹ crs)	-	7,070.0	51,832.4	20,734.8	99,110.1

FY27 numbers are projected envisaging growth

The financials mentioned for Q1 are provisional numbers.

Capital Raise

Under the MD & CEO's strategic leadership and long term vision, the Bank completed a landmark capital infusion—its first-ever fund raise from a non promoter entity. He clearly envisioned the Bank's shift from a transaction focused model to a scalable financial ecosystem and identified Protean as the right strategic partner. The partnership was designed not just to raise capital, but to drive future growth by combining Protean's pan India network with the Bank's merchant and Corporate BC strengths to offer bundled financial services, digital lending, and MSME solutions. With strong governance and decisive leadership, the team smoothly managed complex regulatory requirements and completed the transaction with exceptional speed. This initiative strengthens the Bank's credibility, unlocks new growth opportunities, and lays a strong foundation for sustainable, technology driven expansion.

5. Information Technology as a Growth Enabler

Over the last three years, the Bank has modernised its technology architecture, infrastructure, and governance framework to create a scalable, secure, and resilient technology ecosystem. Key initiatives included the transition to a modular architecture, implementation of the Gravity API management platform and the RaptorX AI/ML-based fraud risk management solution, strengthening of cybersecurity controls through a Zero Trust framework, and enhancement of business continuity and disaster recovery capabilities.

These technology investments have improved system availability, operational efficiency, fraud monitoring, cybersecurity, and partner integration capabilities. They have also enabled faster onboarding of customers and partners, enhanced digital products and customer experience, supported growth in CASA and transaction volumes, and established a strong technology foundation to support the Bank's long-term business strategy and growth objectives.

6. Customer Service Function – Driving Customer Trust, Operational Excellence and Business Growth

The Bank continued to strengthen its customer service capabilities through focused investments in customer experience, regulatory compliance, process efficiency, digital transformation, and service governance. These initiatives have significantly enhanced customer engagement, improved operational productivity, strengthened regulatory responsiveness, and contributed to the Bank's overall growth, reputation, and customer-centric positioning.

i. Key Strategic Milestones and Service Enhancements

- The Bank operationalised a 24x7 Ministry of Home Affairs (MHA) Support Desk in January 2024, enabling round-the-clock support for law enforcement agencies and ensuring timely regulatory compliance, thereby strengthening the Bank's risk management and governance framework.
- The Bank launched Video KYC (VCIP) operations in April 2024, enabling secure, fully digital, and regulatory-compliant customer onboarding, accelerating customer acquisition and enhancing customer convenience.
- The Bank deployed a dedicated official at the I4C Office, Delhi, in November 2024, improving coordination with government agencies, expediting fraud-related investigations, and strengthening the Bank's fraud prevention and response ecosystem.
- The Bank onboarded CPGRAMS grievance management in January 2025, reinforcing its commitment to prompt grievance redressal, regulatory responsiveness, and enhanced customer confidence.
- The Bank introduced Welcome Calling for newly onboarded customers in March 2025, improving customer engagement, product awareness, onboarding experience, and early-stage relationship building.
- The Bank implemented IVR-based VCIP Appointment Scheduling in June 2025, improving customer accessibility, appointment management, and overall operational efficiency.
- The Bank successfully implemented and operationalised a next-generation CRM platform in June 2026, enhancing customer interaction management, workflow automation, service monitoring, analytics, and governance while providing a scalable foundation for future growth.

ii. Operational Excellence and Productivity Improvements

- The Bank reduced Average Handling Time (AHT) from 7 minutes to 4 minutes, achieving an improvement of over 43% through process simplification, technology enablement, enhanced agent capability, and effective knowledge management. This resulted in higher productivity and improved customer responsiveness.
- The Bank reduced the Turnaround Time (TAT) for customer queries, requests, and complaints from 30 days to 10 days, while consistently resolving over 80% of cases within the prescribed timelines, significantly improving service delivery and customer experience.
- The Bank increased Customer Service team strength from 18 to 45 employees, including Contact Centre operations, enabling enhanced service coverage, faster response times, greater operational resilience, and improved customer support across multiple service channels.

iii. Strengthening Service Governance and Capability

- The Bank strengthened its supervisory and quality assurance framework, resulting in improved service consistency, monitoring, and customer experience outcomes.
- The Bank enhanced training, certification, and capability-building programs, improving employee proficiency, service quality, and regulatory compliance.
- The Bank improved operational resilience through the development of multi-skilled teams, ensuring business continuity, workforce flexibility, and sustained service excellence.
- Contribution to the Bank's Success
- The Bank significantly enhanced customer satisfaction levels through customer-centric initiatives, faster complaint resolution, reduced turnaround times, and improved first-contact resolution.
- The Bank strengthened customer trust and loyalty by delivering a seamless, responsive, and digitally enabled service experience.
- The Bank improved regulatory compliance and governance standards, reinforcing its reputation as a responsible and customer-focused institution.
- The Bank enhanced operational efficiency and productivity, creating a scalable service model capable of supporting future business growth.
- The Bank strengthened its digital service capabilities, contributing to improved customer acquisition, engagement, and retention.
- These initiatives collectively supported the Bank's strategic objectives of sustainable growth, superior customer experience, operational excellence, and enhanced brand reputation.

7. Human Resources Transformation and Organisational Capability Building

Over the past three years, the Human Resources function has evolved to support the Bank's growing business requirements through a focus on talent, governance, organisational capability, and workforce planning. As the Bank expanded its operations and adapted to evolving regulatory expectations, HR played an important role in strengthening organisational readiness, supporting business growth, and building a sustainable talent framework.

Key initiatives and outcomes include:

i. Organisational Design and Workforce Strengthening

- Supported the Bank's growth by attracting and onboarding talent across critical business, risk, technology, operations, and support functions.
- Undertook organisational restructuring and role alignment exercises to strengthen capabilities and improve operational effectiveness.
- Strengthened the leadership and talent pipeline to meet current and future business requirements.

ii. Succession Planning and Leadership Continuity

- Developed and implemented a structured succession planning framework covering critical and business-as-usual (BAU) roles, which was approved by the NRC.
- Established a long-term succession plan for the Managing Director & CEO position with a two-year transition horizon, ensuring leadership continuity and regulatory readiness.

iii. Talent Retention and Employee Stability

- Focused on employee engagement, career development, and retention initiatives across the organization.
- Reduced employee attrition significantly from 44% to 16% over the last three years, contributing to greater organisational stability and retention of critical talent.

iv. Technology-led HR Transformation

- Successfully implemented a comprehensive Human Resource Management System (HRMS).
- Digitised core HR processes, improved data accuracy and transparency, enhanced employee self-service capabilities, and enabled data-driven workforce management.
- Improved overall employee experience through streamlined and accessible HR services.

v. Governance, Policies, and Process Framework

- Reviewed, strengthened, and implemented employee-related policies, frameworks, and standard operating procedures.
- Aligned HR policies with regulatory requirements, statutory obligations, evolving workforce needs, and industry practices.
- Enhanced consistency, accountability, transparency, and fairness across employee lifecycle processes.

vi. Building Organisational Capability

- Strengthened workforce capability through focused talent acquisition, learning and development, performance management, and employee engagement initiatives.
- Established a stronger foundation for a skilled, agile, and future-ready workforce aligned with the Bank's strategic objectives.

Through these initiatives, the Bank has strengthened its organisational capability, improved workforce stability, enhanced governance mechanisms, and established a robust people framework to support sustainable business growth and operational effectiveness.

Further, a detailed breakdown of the revised compensation structure, including individual components, is enclosed as **Annexure I**.

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, 2026, on the terms and conditions mentioned in Item No. 5, subject to approval of the RBI, is being placed before the members for their approval.

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

Except Mr. Abhijit M. Kamalapurkar, none of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested in the resolution set out in Item No.5. The Members are requested to consider and approve the same.

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

Name of Director	**Mr. Sitaram Pothukuchi**
Category	Independent Director
DIN	00311538
Date of Birth and Age	17/03/1963, Age: 63 years
Qualifications	B.Com & Associate Chartered Accountant
Experience	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 an ICAI graduate, batch of 1982-85, with AIR 49th. 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.
Terms & Conditions appointment or reappointment	Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.
Remuneration Details	Eligible to receive Sitting for attending the Board and Committee Meetings
Date of first appointment on the Board	October 25, 2023
Shareholding in the Company	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Board meetings attended during the year 2025-26	6/6
List of another Directorship held	IDBI Capital Markets & Securities Limited
Chairman/Member of the Committees of Board of other Companies	Audit Committee (Chairman) CSR Committee (Chairman) IT Strategy Committee (Chairman) Nomination and Remuneration Committee (Member) Risk Management Committee (Member)
Chairman/Member of the Committees of Board of the Bank	• Audit Committee of Board (Chairman) • Risk Management Committee (Member) • Special Committee on Fraud Cases (Member) • Capital Raising Committee of Board (Member)

Name of Director	Mr. Mr. Abhijit Kamalapurkar
Category	MD & CEO
DIN	08849177
Date of Birth and Age	18-07-1972, Age: 54 years
Qualifications	B.com, CAIIB
Experience	Mr. Kamalapurkar has Worked in 4 Pvt sector banks (HDFC Bank/ICICI Bank/YES Bank/IDFC First Bank) and One MNC Bank (J.P Morgan) handling Transaction Banking where payments and collection are a key area of expertise. He has experience from Operations to technology to Product development and Sales as a function. Further, he was also involved in the founding of YBL and IDFC First Bank. He was in charge of the banks' operationalisation and is fully aware of the setup, including the establishment of processes, products, technology and accounting systems, as well as the recruitment and management of teams. Thus, covering all the risks and mitigation for operational risk management. Each of the Product processes have been taken through the ORMC and subjected to multiple RBI Audits. Trade Finance has been instrumental in laying down the processes subject to all the guidelines under FEMA/UCPDC and RBI framework. Have also been presenting the cases related to Trade finance in the committees for Credit risk of the borrowers. Very closely associated with most of the Fintechs and hence able to overlay technology to the process automation to ensure right customer delivery.
Terms & Conditions appointment or reappointment	Appointment is as per Banking Regulation Act 1949; Companies Act, 2013 and guidelines as may be specified by RBI.
Remuneration Details	The total remuneration of ₹ 2,70,00,000 per annum, comprises a total fixed pay of ₹ 1,35,00,000 per annum and a target variable pay (performance-linked incentive) equivalent to 100% of the fixed pay, payable at the end of the financial year. The variable pay is proposed to be split between cash and non-cash components in the ratio of 40:60 (Subject to RBI Approval)
Date of first appointment on the Board	February 10, 2021
Shareholding in the Company	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None
Number of Board meetings attended during the year 2025-26	6/6
List of another Directorship held	None
Chairman/Member of the Committees of Board of other Companies	NIL
Chairman/Member of the Committees of Board of the Bank	• Nomination and Remuneration Committee (Permanent Invitee) • Risk Management Committee (Member) • Special Committee on Fraud Cases (Member) • Customer Service Committee (Member) • IT Strategy Committee (Member) • Capital Raising Committee of Board (Member)

ANNEXURE 1

a. Compensation structured proposed

Current structure	Rs (in crs) Approved for FY 2026	Rs (in crs) Actual paid	Proposed for FY 2027	Delta against approved
Fixed	1.23	1.23	1.35	9.75
Variable	1.03*	Subject to approval by RBI	1.35	-
- Cash	0.41		0.54	-
- Non-Cash	0.62		0.81	-
Total compensation	**2.26**	**-**	**2.70**	**-**

**Actual Variable pay for FY 2026 is subject to approval by RBI.*

b. Revised Compensation structure proposed

CTC Structure		
	PM	PA
Basic Salary	3,37,500	40,50,000
Special Allowance	2,25,000	27,00,000
House Rent Allowance	2,25,000	27,00,000
Conveyance Allowance	1,57,444	18,89,325
Leave Travel Concession	1,12,500	13,50,000
Gross Earnings (A)	**10,57,444**	**1,26,89,328**
Employer PF	40,500	4,86,000
Gratuity	27,056	3,24,675
Employer ESIC	0	0
Employer NPS	0	0
Retiral Benefits (B)	**67,556**	**8,10,675**
Total Fixed (A+ B)	**11,25,000**	**1,35,00,000**
Variable Pay (Cash)		54,00,000
Variable Pay (Non-Cash)		81,00,000
Total Variable Pay		**1,35,00,000**
Total CTC		**2,70,00,000**

**The Cash and Non-Cash variable represent the highest earning potential, based on both individual and organisational performance.*

Director's Report

for the year ended March 31, 2026

To the Members,

Your directors have the pleasure of presenting the 10th Annual Report along with the Audited Financial Statements of your Bank for the year ended March 31, 2026.

FINANCIAL POSITION

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

(Amt In 'Lakhs')

Particulars	2025-26	2024-25
Total income	74,855.00	72,157.88
Total expenses	73,261.97	71,977.66
Profit/(Loss) for the year	**1,593.03**	**180.22**
Loss brought forward	(3,808.13)	(3,808.13)
Appropriation	(1,199.01)	(180.22)
Total Loss After Tax	**(3,414.11)**	**(3,808.13)**
Basic & diluted EPS	0.87	0.10

The comparative financial information of the Bank for the year ended March 31, 2026, has been included as per the Banking Regulation Act, 1949.

The Bank recorded a gross revenue of ₹ 749 crore, with a Profit After Tax (PAT) of ₹ 15.93 crore in FY 2025-26, as compared to a PAT of ₹ 1.80 crore in FY 2024–25. Deposits increased significantly to ₹ 380.09 crore, up from ₹ 178.87 crore in the previous year on the back of account opening. The Net Worth of the Bank as on March 31, 2026, stood at ₹ 176.59 crore.

As of March 31, 2026, the total number of active CASA accounts stood at 43.51 lakhs, out of which 20.73 lakh accounts were newly opened during the FY 2025-26. The Return on Equity (RoE) was reported at 8.20%, while the Cost-to-Income (C/I) ratio stood at 97.87%. The Cost of Deposits was 1.97%.

The Balance Sheet size of the Bank increased to ₹ 926.88 crore as on March 31, 2026, from ₹ 515.57 crore as on March 31, 2025.

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

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

DIVIDEND

Your directors do not recommend any dividend for the financial year ended March 31, 2026.

TRANSFER TO GENERAL RESERVES

During the year under review, your Bank has made an appropriation of ₹ 398.26 lakhs (March 31, 2025: 45.05 lakhs) out of profits for the year ended March 31, 2026, 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 ₹ 800.75 lakhs (March 31, 2025: 135.17 lakhs) out of the profits for the year ended March 31, 2026, 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, 2026, the paid-up share capital stood at ₹ 1,89,37,40,140 comprising of 18,93,74,014 equity shares of ₹10 each. During the year under review, the Bank raised capital through the issuance of 93,74,014 (Ninety-three lakh seventy-four thousand and fourteen Only) Equity Shares of Face Value ₹10/- on a private placement basis to Protean eGov Technologies Limited. The proceeds were utilised towards strengthening the Bank's capital base and supporting its business growth objectives.

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

EMPLOYEES STOCK OPTIONS PLAN ("ESOP")

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

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

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

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

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

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

AUDITORS AND REPORTS

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

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2026:

M/s. K Gopal Rao & Co, Chartered Accountants, has conducted a Statutory Audit of the Financial Statements of the Bank for the financial year ended March 31, 2026. The Notes referred to in the Auditor's Report are self-explanatory. There are no qualifications or reservations, or adverse remarks or disclaimers given by Statutory Auditors and therefore, it does not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013. The Auditors' Report forms an integral part of this Annual Report.

b. STATUTORY AUDITORS

M/s. K Gopal Rao & Co, Chartered Accountants, (Firm Registration No.000956S) ("KGR") had been appointed as the auditors of the Bank for a period of three years, subject to authorisation by RBI at annual intervals and retire at the 11th Annual General Meeting of the Bank. KGR has conducted a Statutory Audit of the Financial Statements of the Bank for the financial year ended March 31, 2026. The Notes referred to in the Auditor's Report are self-explanatory. There are no qualifications or reservations, or adverse remarks or disclaimers given by Statutory Auditors. The Auditors' Report forms an integral part of this Annual Report.

c. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s. Makarand M. Joshi & Co., Company Secretaries, to undertake the Secretarial Audit for the financial year ended March 31, 2026. The Secretarial Audit Report in Form MR-3 is annexed herewith as **"Annexure 2"**. The Secretarial Audit Report does not contain any qualification, reservation, or adverse remark.

d. COST AUDITOR

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

e. REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditor have not reported any instance of frauds committed in the Bank by its officers or employees to the Audit Committee under section 143(12) of the Companies Act, 2013, and therefore the requirement to disclose the details of fraud in this Report does not arise.

INTERNAL CONTROLS AND AUDIT

Your Bank has well-established processes and clearly defined roles and responsibilities at various levels. Comprehensive policies and standard operating procedures have been put in place in various departments of your Bank. There is an internal auditor appointed for conducting internal and operations audit of the Bank. The report of the Internal Auditor along with management response is placed before the Audit Committee for review from time to time. To provide further comfort, the Bank has also appointed a third-party auditor to provide independent assurance on the policy and processes of the Bank in an advisory capacity. As part of regulatory requirements, your Bank has also undergone an IT/IS Audit conducted by a CISA certified auditor. Your Bank has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as of March 31, 2026.

RISK MANAGEMENT AND INSURANCE

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

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

DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in ordinary course of business of the Bank. There were no material related party transactions entered during the Financial Year under review, by your Bank and hence the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, in Form AOC -2, is not applicable to your Bank.

POSITIVE WORK ENVIRONMENT

a. Your Bank has formulated and adopted a policy on prevention of sexual harassment at workplace and takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The details of complaints are as follows:

   1. Number of complaints of sexual harassment received in the year – NIL

   2. Number of complaints disposed off during the year – NIL

   3. Number of cases pending for more than ninety days – NIL

b. Your Bank has complied with the provisions of Maternity Benefit Act, 1961.

BOARD OF DIRECTORS

A. CHANGES IN BOARD DURING THE YEAR

The selection and appointment of Directors of the Bank is done in accordance with the relevant provisions of the Companies Act, 2013, the relevant Rules made thereunder, the Banking Regulation Act, 1949 and the Guidelines issued by the RBI. As on March 31, 2026, the Bank has Six (6) Directors. The Board of the Bank is duly constituted with proper balance of Executive Director, Non-Executive Director, and Independent Directors.

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on January 23, 2026, approved the re-appointment of Mr. Dhananjaya A. Tambe (DIN: 07260971) as an Independent Director of the Bank for a second term of three consecutive years, commencing from April 25, 2026 and ending on April 24, 2029 (both days inclusive). Subsequently, the Members of the Bank approved the re-appointment of Mr. Tambe at the 4th Extra-Ordinary General Meeting held on February 25, 2026. Accordingly, Mr. Tambe shall continue to hold office as an Independent Director of the Bank up to April 24, 2029.

In FY 2025-26, modifications to the Board of Directors occurred solely to the extent detailed above.

B. BOARD PROCEDURES AND MEETINGS

During the year under review, Six (6) meetings of the Board were convened and the gap between two consecutive meetings of the Board was not more than 120 days as per the requirements of the Act and Secretarial Standards on Meetings of the Board of Directors ('SS-1') issued by the Institute of the Company Secretaries of India. 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, Six Board meetings were held on April 30, 2025; May 13, 2025; August 04, 2025; October 30, 2025; December 16, 2025; and January 23, 2026, Details of attendance of each director at the Board Meetings held during the financial year 2025-26 are as follows:

Name of the Director	Category	30/04/2025	13/05/2025	04/08/2025	30/10/2025	16/12/2025	23/01/2026
Mr. Dhananjaya Tambe	Independent	P	P	P	P	P	P
Mr. Sitaram Pothukuchi	Independent	P	P	P	P	P	P
Mr. Patric Barla	Independent	P	P	P	P	P	P
Mr. Vijay Chandok	Non-Executive	P	P	-	P	P	P
Ms. Shanta Vallury Gandhi	Independent	P	P	P	P	P	P
Mr. Abhijit M Kamalapurkar	Executive (MD & CEO)	P	P	P	P	P	P

C. DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors have furnished declarations under Section 149(7) of the Companies Act, 2013 confirming that they satisfy the criteria of independence specified under Section 149(6) of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on the declarations received and the assessment carried out by the Board, the Board is of the opinion that the Independent Directors possess the requisite integrity, expertise, experience and proficiency and fulfil the conditions of independence prescribed under the applicable provisions of the Companies Act, 2013, the rules made thereunder and the SEBI (LODR) Regulations, 2015. The Independent Directors are independent of the management of the Company.

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. The Remuneration Policy has been appropriately communicated within the bank and is available on the website of the Company at:

https://nsdlpayments.bank.in/assets/layouts/pdf/Remuneration_Policy.pdf

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, and that of its committees and the Directors individually, was carried out by the Bank for FY 2025 and FY 2026.

F. BOARD COMMITTEES

a. Audit Committee

The Board has constituted the Audit Committee in accordance with provisions of Section 177 of the Companies Act, 2013. The Committee has three members with Mr. Sitaram Pothukuchi as its Chairman. The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing, and reporting practices of the Bank and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Bank and review the quarterly and annual financial accounts of the Bank. The Committee reviews report of the Internal Auditors, Statutory Auditors, IT/IS Auditors, Concurrent Auditors and Secretarial Auditors and discusses their findings, suggestions, internal control system, scope of audit, observations of the auditors and reviews accounting policies followed by the Bank. The Board confirms that during the financial year, all recommendations made by the Audit Committees were duly considered and accepted by the Board.

During FY 2025-26 the Committee met eight times on April 29, 2025; April 30, 2025; August 02, 2025; August 04, 2025; October 27, 2025; October 30, 2025; January 20, 2026; and January 23, 2026; respectively. The details of composition and attendance of members of the Audit Committee are given hereunder: -

Name of the member	Designation	29/04/2025	30/04/2025	02/08/2025	04/08/2025	27/10/2025	30/10/2025	20/01/2026	23/01/2026
Mr. Sitaram Pothukuchi	Chairman	P	P	P	P	P	P	P	P
Mr. Patric Barla	Member	P	P	P	P	P	P	P	P
Ms. Shanta Vallury Gandhi	Member	P	P	P	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 Mr. Vijay Chandok as its Chairman. The Nomination and Remuneration Committee discharges such functions as defined in the Companies Act, 2013 and applicable RBI Guidelines. The Committee met four times during the year on April 25, 2025; August 01, 2025; October 27, 2025, and January 20, 2026. Details of compositions and attendance of each member at the Committee Meetings held during the year are as follows:

Name of the members	Designation	25/04/2025	01/08/2025	27/10/2025	20/01/2026
Mr. Vijay Chandok	Chairman	P	P	P	P
Ms. Shanta Vallury Gandhi	Member	P	P	P	P
Mr. Dhananjaya Tambe	Member	P	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
- Special Committee on Fraud cases
- Capital Raising Committee of the Board

ii) Executive-level Committees

- Executive Risk Management Committee
- Product and Process Approval Committee
- Assets-Liability Management Committee
- IT Steering Committee
- Information Security Committee
- Standing Committee on Customer Service
- Investment Committee
- Audit Committee of Executives
- Procurement Committee
- Pricing Committee
- Branch Committee
- Ethics Committee
- Staff Accountability Committee
- Working Committee on Capital Raising

DETAILS OF KEY MANAGERIAL PERSONNEL (KMPS)

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

Name	Designation
Mr. Abhijit M Kamalapurkar	Managing Director & CEO
Mr. Harsh Kamdar[1]	Chief Financial Officer
Mr. Gautam Goswami	Company Secretary

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

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135(1) of the Companies Act, 2013, the requirements related to Corporate Social Responsibility (CSR) are not applicable to the Bank for the financial year 2025–26. Accordingly, the Bank is not mandated to incur any expenditure towards CSR activities under Section 135(5) of the Act during the said financial year.

The Bank has in place a comprehensive Corporate Social Responsibility (CSR) Policy in accordance with the provisions of the Companies Act, 2013. The Policy is available on the Bank's website and can be accessed at: https://nsdlpayments.bank.in/assets/layouts/pdf/CSR_Policy.pdf

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. The Whistle Blower Policy has been appropriately communicated within the bank and is available on the website of the Company at: nsdlpayments.bank.in/whistleblower_policy.php

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

COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2025-26, your bank has complied with applicable Secretarial Standards as notified by the Institute of Company Secretaries of India.

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

a) Conservation of Energy, Technology absorption –

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

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

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

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

Earnings – NIL
Outgo – NIL

EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92 of the Act and rules made thereunder, the Annual Return of the Company for the financial year ended March 31, 2026 has been uploaded on the website of the Company and the same is available on the Company's website at nsdlpayments.bank.in/regulatory_disclosure.php

PARTICULARS OF EMPLOYEES

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

APPRECIATION

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 23, 2026

Dhananjaya A. Tambe
Chairman
DIN: 07260971

Abhijit M. Kamalapurkar
MD & CEO
DIN: 08849177

Annexure 1

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

DETAILS OF OPTIONS GRANTED DURING FY 2025-26 UNDER EMPLOYEE STOCK OPTION PLAN 2022

Sr No.	Particulars	ESOP 2022
1	Options granted	27,41,102
2	Options vested	2,14,200
3	Options exercised	NIL
4	The total number of shares arising as a result of exercise of option	NIL
5	Options lapsed	90,000
6	The exercise price	₹ 21.78
7	Variation of terms of options	NA
8	Money realised by exercise of options	NA
9	Total number of options in force	44,80,391
10	Employee wise details of options granted to:	
	a. key managerial personnel...	10,55,291
	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

Independent Auditor's Report

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

OPINION

We have audited the accompanying financial statements of NSDL Payments Bank Limited ("the Bank"), which comprises the Balance Sheet as at March 31, 2026, 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 31,2026, and its Profit, and its Cash flows for the year ended on that date.

BASIS FOR OPINION

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

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's Board of Directors is responsible for the other information. The Other information comprises the information in the graphical representation of financial highlights and Director's report but does not include the Financial Statements and our Auditor's report thereon. The Director's report which is expected to be made available to us after the date of this audit report.

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL STATEMENTS

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including ant 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 Companies 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 office and all operations of the Bank automated within the key applications integrated to the core banking systems, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
3. As required by the section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to be best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

c) The Balance sheet, Profit and loss account and the Cash flow statement dealt with by this report are in agreement with the books of account.

d) In our opinion, the aforesaid Financial statements comply with the Accounting standards specified under section 133 of the Act read with Companies (Accounting Standards) Rules, 2021 as amended, to the extent they are not inconsistent with the guidelines prescribed by the RBI;

e) There are No material observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the Bank;

f) On the basis of written representations received from the directors as on 31st March, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2026 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 of the Act, is not applicable.

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

   i. The Bank has disclosed the impact of pending litigations on its financial position in its Financial Statements to the extent determinable/ascertainable. – Refer Schedule 12 of the Financial statements

   ii. The Bank did not have any long-term contracts including derivatives contracts for which they were any material foreseeable losses

   iii. The Bank is currently not liable to transfer any amount to the Investor Education and Protection Fund.

   iv. 1. The Management has represented that, to the best of its knowledge and its belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the bank to or in any other person(s)/entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   2. The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any person(s)/entity(ies), including foreign entities ("Funding Parties"), that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement.

   v. The Bank has neither declared nor paid any dividend during the year.

   vi. Based on our examination which included test checks, the bank has used an accounting software for maintaining its book of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

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

CA MADAN GOPAL NARAYANAN
Partner
M.No:211784
UDIN: 26211784BJKQDO7015

Date: April 20, 2026
Place: Mumbai

Annexure A to the Independent Auditor's Report

[Reference to paragraph 9(g) under 'Report on Other Legal and Regulatory Requirements' in the Independents 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, 2026, in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance note on Audit of Internal Financial control over Financial Reporting ("the Guidance Note") and the standards on Auditing, issued by ICAI, prescribed under section 143(10) of the Act, to the extent applicable to an audit on Internal Financial Controls with reference to financial statements. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the asset of the Bank;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In Our Opinion, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2026, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

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

CA MADAN GOPAL NARAYANAN
Partner
M.No:211784
UDIN: 26211784BJKQDO7015

Date: April 20, 2026
Place: Mumbai

Balance Sheet

as at March 31, 2026

₹ in lakhs

CAPITAL & LIABILITIES	Schedule No.	As at March 31, 2026	As at March 31, 2025
Capital	1	18,937.40	18,000.00
Employee Stock options outstanding		143.60	72.43
Reserves and Surplus	2	348.09	(3,253.88)
Deposits	3	38,009.35	17,886.83
Borrowings	4	-	-
Other Liabilities and Provisions	5	35,249.66	18,851.59
TOTAL		**92,688.10**	**51,556.97**
ASSETS			
Cash and Balances with Reserve Bank of India	6	14,209.81	9,088.98
Balances with banks and money at call and short notice	7	10,401.51	6,408.63
Investments	8	54,223.73	25,552.05
Advances	9	-	-
Fixed Assets	10	2,900.83	2,737.81
Other Assets	11	10,952.22	7,769.50
TOTAL		**92,688.10**	**51,556.97**
Contingent Liabilities	12	351.64	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 confirmity with Form "A" of the Third schedule to the Banking Regulation Act, 1949

As per our report of even date
For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

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

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971
Place: Mumbai

Sitaram Pothukuchi
Director
DIN: 00311538
Place: California, USA

Vijay Chandok
Director
DIN: 01545262
Place: Mumbai

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177
Place: Mumbai

Harsh Kamdar
Chief Financial Officer
M.No. 177727
Place: Mumbai

Gautam Goswami
Company Secretary
M.No. A48726
Place: Mumbai

Place: Mumbai
Date: April 20, 2026

Profit and Loss Account

for the period ended March 31, 2026

₹ in lakhs

Particulars		Schedule No.	For the year ended March 31, 2026	For the year ended March 31, 2025
I	**INCOME**			
	Interest Earned	13	3,304.83	1,822.27
	Other Income	14	71,550.17	70,335.61
	TOTAL		**74,855.00**	**72,157.88**
II	**EXPENDITURE**			
	Interest Expended	15	557.61	312.99
	Operating Expenses	16	72,705.13	71,670.60
	Provisions and Contingencies	17	(0.77)	(5.93)
	TOTAL		**73,261.97**	**71,977.66**
III	**PROFIT/LOSS**			
	Net Profit/(Loss) for the year		1,593.03	180.22
	Profit brought forward		(3,808.13)	(3,808.13)
	TOTAL		**(2,215.10)**	**(3,627.91)**
IV	**APPROPRIATIONS**			
	Transfer to Statutory Reserve		398.26	45.05
	Transfer to Investment Fluctuation Reserve		800.75	135.17
	Balance carried over to Balance Sheet		(3,414.11)	(3,808.13)
	TOTAL		**(2,215.10)**	**(3,627.91)**
	Earnings per equity share (face value ₹ 10 each)	19 (2.7)		
	- Basic (₹)		0.87	0.10
	- Diluted (₹)		0.87	0.10
	Significant Accounting Policies	18		
	Notes To Accounts	19		

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

As per our report of even date
For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

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

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971
Place: Mumbai

Sitaram Pothukuchi
Director
DIN: 00311538
Place: California, USA

Vijay Chandok
Director
DIN: 01545262
Place: Mumbai

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177
Place: Mumbai

Harsh Kamdar
Chief Financial Officer
M.No. 177727
Place: Mumbai

Gautam Goswami
Company Secretary
M.No. A48726
Place: Mumbai

Place: Mumbai
Date: April 20, 2026

Cash Flow Statement

for the period ended March 31, 2026

₹ in lakhs

Sr. No.	Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
I	**Cash Flow from Operating Activities**		
	Net profit for the year (before taxes)	1,593.03	180.22
	Adjustments for:		
	Add/(Less): Non-cash expenditure/income		
	- (Discount)/premium on government securities amortised	(0.90)	(1.64)
	- Provision for bad and doubtful debts	(0.77)	(5.93)
	- Depreciation	1,153.31	621.16
	- Stock based compensation cost	71.17	20.40
	Cash Flow before Changes in Working Capital	**2,815.84**	**814.21**
	Adjustments for working capital changes		
	- Deposits	20,122.52	11,953.01
	- Other Liabilities	16,398.83	6,096.78
	- Other Assets	(3,150.02)	(3,070.36)
	- Direct Taxes (Net)	(37.70)	(77.18)
	- (Increase)/Decrease in AFS Investments	(28,671.02)	(10,561.52)
	Cash generated from Operating Activities	**7,478.45**	**5,154.94**
II	**Cash Flow from Investing Activities**		
	Addition to Other Fixed Assets	(1,262.51)	(1,171.57)
	(Addition)/Deletion to Capital Work in Progress	(53.81)	102.60
	Cash generated from Investing Activities	**(1,316.32)**	**(1,068.97)**
III	**Cash Flow from Financing Activities**		
	Proceeds of share issue	2,946.58	-
	Cash generated from financing Activities	**2,946.58**	**-**
IV	**Increase/(decrease) during the year**	9,108.71	4,085.97
V	**Opening Cash and Cash Equivalents**	15,472.61	11,386.64
VI	**Closing Cash and Cash Equivalents**	24,581.32	15,472.61
	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)	14,209.81	9,088.98
	(ii) Balances with Banks in Current Accounts (Refer Schedule 7)	10,401.51	6,408.63
	(iii) Less: Lien on Fixed Deposits	30.00	25.00
	Cash and cash equivalents at the end of the year	**24,581.32**	**15,472.61**

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

Figures in brackets indicate cash outflow.

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

As per our report of even date
For **K. Gopal Rao & Co.**
Chartered Accountants
ICAI Firm Regn. No. 000956S

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

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971
Place: Mumbai

Sitaram Pothukuchi
Director
DIN: 00311538
Place: California, USA

Vijay Chandok
Director
DIN: 01545262
Place: Mumbai

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177
Place: Mumbai

Harsh Kamdar
Chief Financial Officer
M.No. 177727
Place: Mumbai

Gautam Goswami
Company Secretary
M.No. A48726
Place: Mumbai

Place: Mumbai
Date: April 20, 2026

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

SCHEDULE 1 - CAPITAL

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
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		
18,93,74,014 (PY 18,00,00,000) Ordinary Shares of ₹ 10/- each	18,937.40	18,000.00
TOTAL	**18,937.40**	**18,000.00**

During the current year, the Bank issued 93,74,014 equity shares of face value of ₹ 10/- each on private placement basis to an investor (non promotor category) at an issue price of ₹ 32.22 per equity share (including premium of ₹ 22.22 per equity share).

SCHEDULE 2 - RESERVES & SURPLUS

₹ in lakhs

	Particulars	As at March 31, 2026	As at March 31, 2025
1.	**Statutory Reserve**		
(i)	Opening Balance	290.21	245.16
(ii)	Addition during the year	398.26	45.05
(iii)	Deduction during the year	-	-
	Total	**688.47**	**290.21**
2.	**Securities Premium**		
(i)	Opening Balance	-	-
(ii)	Addition during the year	2,009.18	-
(iii)	Deduction during the year	-	-
	Total	**2,009.18**	**-**
3.	**Investment Fluctuation Reserve**		
(i)	Opening Balance	263.52	128.35
(ii)	Addition during the year	800.75	135.17
(iii)	Drawdown during the year	-	-
	Total	**1,064.27**	**263.52**
4.	**General Reserve**		
(i)	Opening Balance	0.28	-
(ii)	Addition during the year	-	0.28
(iii)	Deduction during the year	-	-
	Total	**0.28**	**0.28**
5.	**AFS Reserve**		
(i)	Opening Balance	0.24	-
(ii)	Addition during the year	36.52	0.24
(iii)	Transferred to Profit & Loss Account during the year	(36.76)	-
	Total	**-**	**0.24**
6.	**Balance in Profit & Loss Account**	(3,414.11)	(3,808.13)
	TOTAL	**348.09**	**(3,253.88)**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

SCHEDULE 3 - DEPOSITS

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
A. 1. Demand Deposits		
i) From Banks (Note-1)	242.39	103.29
ii) From Others	1,886.08	757.82
Total	**2,128.47**	**861.11**
2. Savings Bank Deposits	35,880.88	17,025.72
3. Term Deposits		
i) From Banks	-	-
ii) From Others	-	-
Total	**-**	**-**
TOTAL	**38,009.35**	**17,886.83**
B. i. Deposits of Branches in India	38,009.35	17,886.83
ii. Deposits of Branches outside India	-	-
TOTAL	**38,009.35**	**17,886.83**

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

SCHEDULE 4 - BORROWINGS

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
Total	**-**	-
2. Borrowings outside India	-	**-**
TOTAL	**-**	**-**

SCHEDULE 5 – OTHER LIABILITIES AND PROVISIONS

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
1. Bills Payable	-	-
2. Inter Office Adjustments (Net)	-	-
3. Interest Accrued	-	-
4. Others (Including Provisions)	35,249.66	18,851.59
TOTAL	**35,249.66**	**18,851.59**

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
1. Cash in hand (including foreign currency notes)	-	-
2. Balances with Reserve Bank of India		
(i) In Current Account	3,059.14	5,253.10
(ii) In Other Accounts	11,150.67	3,835.88
TOTAL	**14,209.81**	**9,088.98**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
1. In India		
(i) Balances with Banks		
a) In Current Accounts	312.51	104.78
b) In other Deposit Accounts	10,089.00	5,304.45
(ii) Money at Call and Short Notice		
a) With Banks	-	-
b) With Other Institutions	-	999.40
Total	**10,401.51**	**6,408.63**
2. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	**-**	**-**
TOTAL	**10,401.51**	**6,408.63**

SCHEDULE 8 – INVESTMENTS

₹ in lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
1. Investments in India (Gross)	54,223.73	25,552.05
Less – Provision for depreciation	-	-
Total	**54,223.73**	**25,552.05**
Investments in India in -		
(i) Government Securities	51,841.54	25,552.05
(ii) Other Approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures & Bonds	-	-
(v) Subsidiaries and/or Joint Venture	-	-
(vi) Others	2,382.19	-
Total	**54,223.73**	**25,552.05**
2. Investments Outside India		
(i) Government Securities	-	-
(ii) Subsidiaries and/or Joint Venture	-	-
(iii) Others	-	-
Total	**-**	**-**
TOTAL	**54,223.73**	**25,552.05**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

SCHEDULE 9 - ADVANCES

₹ in lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
(i)	Bills Purchased and Discounted	-	-
(ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	-	-
(iii)	Term Loans	-	-
	Total	**-**	**-**
B.			
(i)	Secured by Tangible Assets	-	-
(ii)	Covered by Bank/Government Guarantees	-	-
(iii)	Unsecured	-	-
	Total	**-**	**-**
C.1	**Advances in India**		
(i)	Priority Sector	-	-
(ii)	Public Sector	-	-
(iii)	Banks	-	-
(iv)	Others	-	-
	Total	**-**	**-**
C.2	**Advances Outside India**	-	-
	Total	**-**	**-**
	TOTAL	**-**	**-**

SCHEDULE 10 - FIXED ASSETS

₹ in lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
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	5,231.74	4,060.17
(ii)	Additions during the year	1,262.51	1,171.57
(iii)	Deductions during the year	(819.25)	-
(iv)	Accumulated Depreciation to date	(3,034.92)	(2,700.87)
	Total	**2,640.08**	**2,530.87**
3.	**Capital Work in Progress**	260.75	206.94
	TOTAL (1+2+3)	**2,900.83**	**2,737.81**

SCHEDULE 11 - OTHER ASSETS

₹ in lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
1.	Inter-Office Adjustment (Net)	-	-
2.	Interest Accrued	1,553.82	1,064.17
3.	Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	255.39	217.69
4.	Stationery and Stamps	-	-
5.	Deferred Tax Assets (Net)	-	-
6.	Others	9,143.01	6,487.64
	TOTAL	**10,952.22**	**7,769.50**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

SCHEDULE 12 - CONTINGENT LIABILITIES

₹ in lakhs

Particulars		As at March 31, 2026	As at March 31, 2025
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)	187.00	-
(ii)	Others		
	(a) Capital Commitment	139.64	-
	(b) Bank Guarantee issued by other Bank on our behalf	25.00	25.00
	TOTAL	**351.64**	**25.00**

SCHEDULE 13 - INTEREST EARNED

₹ in lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
1.	Interest/Discount on Advances/bills	-	-
2.	Income on Investments	2,510.81	1,443.16
3.	Interest on balance with RBI and Other Inter bank funds	734.87	331.55
4.	Others	59.15	47.56
	TOTAL	**3,304.83**	**1,822.27**

SCHEDULE 14 - OTHER INCOME

₹ in lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
1.	Commission, Exchange and Brokerage	71,466.72	70,232.46
2.	Profit on sale of Investments (Net)	53.35	5.77
3.	Profit on exchange transactions (Net)	(0.91)	(2.41)
4.	Miscellaneous Income	31.01	99.79
	TOTAL	**71,550.17**	**70,335.61**

SCHEDULE 15 - INTEREST EXPENDED

₹ in lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
1.	Interest on Deposits	518.44	275.67
2.	Interest on Reserve Bank of India/Inter-Bank Borrowings	-	-
3.	Others	39.17	37.32
	TOTAL	**557.61**	**312.99**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

SCHEDULE 16 – OPERATING EXPENSES

₹ in lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
1.	Payments to and provisions for employees	4,056.00	2,945.98
2.	Rent, taxes and lighting	372.15	205.71
3.	Printing and stationery	4.92	2.41
4.	Advertisement and publicity	57.54	11.31
5.	Depreciation on banks property	1,153.31	621.16
6.	Director's fees Allowances and expenses	69.60	64.40
7.	Auditors' fees and expenses (Including branch auditor's fees and expenses)	28.35	29.37
8.	Law Charges	1.96	-
9.	Postage, Telegrams, Telephones, etc.	27.51	31.44
10.	Repairs and maintenance	1,510.04	868.70
11.	Insurance	130.18	105.90
12.	Other Expenditure	65,293.57	66,784.22
	TOTAL	**72,705.13**	**71,670.60**

SCHEDULE 17 – PROVISIONS AND CONTINGENCIES

₹ in lakhs

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
1.	Provision for bad and doubtful debts/Reversal of provision	(0.77)	(5.93)
2.	Intangible Assets under development/Assets written off	-	-
	TOTAL	**(0.77)**	**(5.93)**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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

3.1 Classification

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

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

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

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

Classification Principles

a) Held to Maturity (HTM)

Investments are classified under HTM when:

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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

b) *Available for Sale (AFS)*

Investments are classified under AFS when:

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

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

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

c) *Fair Value through Profit and Loss (FVTPL)*

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

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

d) *Held for Trading (HFT)*

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

e) *Investments in Subsidiaries, Associates, and Joint Ventures*

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

3.2 Initial Recognition of Investments

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

a) *Measurement at Initial Recognition*

All investments are measured at fair value on initial recognition.

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

3.3 Investments – Subsequent Measurement

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

a) *Held to Maturity (HTM)*

- Carrying Value:

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

- Amortisation of Discount/Premium:

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

b) *Available for Sale (AFS)*

- Fair Valuation:

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

- Amortisation of Discount/Premium:

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

- Recognition of Valuation Gains and Losses:

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

- Realisation of Gains and Losses:

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

3.4 Reclassifications between categories

Investments – Reclassification Between Categories:

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

3.5 Disposal of Investments

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

4. DEPOSITS

As per the Operating guidelines, payments banks (PBs) can accept only savings and current deposits. The aggregate limit per customer has been extended to ₹ 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.

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

5. FIXED ASSETS (INCLUDING INTANGIBLE ASSETS) AND DEPRECIATION

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

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

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

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

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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.

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 capitalised 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

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in finance costs in the Statement of Profit and Loss. A leased asset is depreciated over lower of the useful life of the asset or period of lease term.

Operating Lease:

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

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

11. INCOME TAX

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the relevant provisions of Income tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off assets against liabilities representing current tax and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The impact of changes in the deferred tax assets and liabilities is recognised in the Profit and Loss Account.

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

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

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

12. SEGMENT INFORMATION

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

13. EARNINGS PER SHARE

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

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.

Schedules forming part of the financial statements

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

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

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

Contingent assets are not recognised in the financial statements.

15. PROVISION FOR BAD AND DOUBTFUL DEBTS

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

16. CASH AND CASH EQUIVALENTS

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

17. CASH FLOW STATEMENTS

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

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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, 2026	As at March 31, 2025
i)	Common Equity Tier-1 capital (net of deductions, if any)	165.95	130.65
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	165.95	130.65
iv)	Tier 2 capital (%)	10.64	-
v)	Total capital (Tier 1+Tier 2)	176.59	130.65
vi)	Total Risk Weighted Assets (RWAs) (₹ in crores)	132.61	91.66
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	125.14%	142.53%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	125.14%	142.53%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	8.03%	-
x)	Capital to Risk Weighted Assets Ratio (CRAR) (%)	133.16%	142.53%
xi)	Leverage Ratio (%)	21.10%	32.35%
xiii)	Amount of paid-up equity capital raised during the year	9.37	-
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)]	-	-

1.2 Investments

Composition of Investment Portfolio as at March 31, 2026:

(₹ in crores)

	For the year ended March 31, 2026						
	HTM		AFS	FVTPL		Associates and JVs	
	At Cost	Fair value		HFT	Non- HFT	At Cost	Fair value
I. Investments in India							
Government Securities	10.10	10.11	508.32	-	-	-	-
Other Approved Securities	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-
Debentures and Bonds	-	-	-	-	-	-	-
Associates and joint ventures	-	-	-	-	-	-	-
Others	-	-	23.82	-	-	-	-
Total	**10.10**	**10.11**	**532.14**	**-**	**-**	**-**	**-**
Less: Provision for impairment/NPI							
Net	10.10	10.11	532.14	-	-	-	-
II. Investments outside India							
Government Securities	-	-	-	-	-	-	-
Associates and joint ventures	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Provision for impairment/NPI	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Total Investments I+II	**10.10**	**10.11**	**532.14**	**-**	**-**	**-**	**-**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

1.2 Investments (Contd.)

Composition of Investment Portfolio as at March 31, 2025:

(₹ in crores)

	For the year ended March 31, 2025						
	HTM		AFS	FVTPL		Associates and JVs	
	At Cost	Fair value		HFT	Non- HFT	At Cost	Fair value
I. Investments in India							
Government Securities	5.18	5.31	250.34	-	-	-	-
Other Approved Securities	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-
Debentures and Bonds	-	-	-	-	-	-	-
Associates and joint ventures	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**5.18**	**5.31**	**250.34**	**-**	**-**	**-**	**-**
Less: Provision for impairment/NPI							
Net	5.18	5.31	250.34	-	-	-	-
II. Investments outside India							
Government Securities	-	-	-	-	-	-	-
Associates and joint ventures	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Provision for impairment/NPI	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Total Investments I+II	**5.18**	**5.31**	**250.34**	**-**	**-**	**-**	**-**

Fair value hierarchy of investment portfolio measured at fair value are as follows

	For the year ended March 31, 2026							
	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
Government Securities	519.31			519.31				-
Other Approved Securities				-				-
Shares				-				-
Debentures and Bonds				-				-
Associates and joint ventures				-				-
Others	24.24			24.24				-
Total	**543.55**	**-**	**-**	**543.55**	**-**	**-**	**-**	**-**
II. Investments outside India								
Government Securities				-				-
Associates and joint ventures				-				-
Others				-				-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

1.2 Investments (Contd.)

	For the year ended March 31, 2025							
	AFS				FVTPL			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
I. Investments in India								
Government Securities	256.62			256.62				-
Other Approved Securities				-				-
Shares				-				-
Debentures and Bonds				-				-
Associates and joint ventures				-				-
Others				-				-
Total	**256.62**	**-**	**-**	**256.62**	**-**	**-**	**-**	**-**
II. Investments outside India								
Government Securities				-				-
Associates and joint ventures				-				-
Others				-				-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crores)

Particulars	**As at March 31, 2026**	**As at March 31, 2025**
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	2.63	1.28
b) Add: Amount transferred during the year	8.01	1.35
c) Less: Drawdown	-	-
d) Closing balance	10.64	2.63
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00%	1.06%

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, 2026							
	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year*		Outstanding as on March 31, 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
a) Securities sold under repo								
Government securities	-	-	-	-	-	-	-	-
Corporate debt securities	-	-	-	-	-	-	-	-
Any other securities	-	-	-	-	-	-	-	-
b) Securities purchased under reverse repo								
Government securities	5.00	5.00	30.00	30.00	8.56	8.56	-	-
Corporate debt securities	-	-	-	-	-	-	-	-
Any other securities	-	-	-	-	-	-	-	-

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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

(₹ in crores)

	For the year ended March 31, 2025							
	Minimum outstanding during the year		Maximum outstanding during the year		Daily average outstanding during the year*		Outstanding as on March 31, 2024	
	FV	MV	FV	MV	FV	MV	FV	MV
a) Securities sold under repo								
Government securities	-	-	-	-	-	-	-	-
Corporate debt securities	-	-	-	-	-	-	-	-
Any other securities	-	-	-	-	-	-	-	-
b) Securities purchased under reverse repo								
Government securities								
Corporate debt securities	3.00	3.00	20.00	20.00	6.40	6.40	9.99	9.99
Any other securities	-	-	-	-	-	-	-	-

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, 2026				
		Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	PSUs	9.71	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	14.11	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	23.82	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
Total (viii – viii)		**23.82**	**-**	**-**	**-**	**-**

Sr. No.	Issuer	For the year ended March 31, 2025				
		Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	-	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii – viii)	**-**	**-**	**-**	**-**	**-**

1.5 Non-Performing Non-SLR investments

The Bank does not have any non-performing investments during the year 2025-26 ("Nil" during the year 2024-25).

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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 2025-26 ("Nil" during the year 2024-25).

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 2025-26, ('Nil' during the year 2024-25) Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

1.8 Asset Quality

As per the RBI guidelines issued by RBI for licensing of Payments Bank; 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, 2026	As at March 31, 2025
i)	Interest Income as a percentage to Working Funds (refer note 1 below)	4.40%	4.31%
ii)	Non-interest income as a percentage to Working Funds (refer note 1 below)	95.73%	167.07%
iii)	Cost of Deposits	2.01%	2.50%
iv)	Net Interest Margin (refer note 2 below)	5.09%	5.99%
v)	Operating Profit as a percentage to Working Funds (refer note 3 below)	2.13%	0.41%
vi)	Return on Assets (refer note 3 below)	2.13%	0.43%
vii)	Business deposits per employee (₹ in crores) (refer note 4 below)	1.57	0.89
viii)	Profit per employee (₹ in crores)	0.07	0.01

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

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

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

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

1.10 Asset Liability Management

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

(₹ in crores)

Maturity Bucket	As at March 31, 2026					
	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Day 1	17.53	-	-	-	-	-
2 to 7 days	15.11	-	4.71	-	-	-
8 to 14 days	11.14	-	28.91	-	-	-
15 to 30 days	-	-	58.62	-	-	-
Days 31 to 2 months	1.89	-	63.18	-	-	-
Over 2 months to 3 months	0.94	-	36.89	-	-	-
Over 3 months to 6 months	25.12	-	148.56	-	-	-

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

1.10 Asset Liability Management (Contd.)

(₹ in crores)

Maturity Bucket	As at March 31, 2026					
	Deposits	Advances	Investments	Borrowings	Foreign currency assets	Foreign currency liabilities
Over 6 months to 1 year	118.41	-	191.46	-	-	-
Over 1 year to 3 years	189.96	-	-	-	-	-
Over 3 years to 5 years	-	-	4.98	-	-	-
Over 5 years	-	-	4.92	-	-	-
Total	**380.09**	**-**	**542.24**	**-**	**-**	**-**

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

1.11 Exposures

i) Sensitive Sectors

The Bank has not entered any transactions related to capital market and real estate sector during the year 2025-26 and 2024-25.

ii) As per the RBI guidelines issued by RBI for licensing of Payments Bank; 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 the bank.

1.12 Disclosure of penalties imposed by RBI

No Penalty has been imposed by RBI during the year 2025-26 ("Nil" during the year 2024-25).

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

2 DISCLOSURE REQUIREMENTS AS PER ACCOUNTING STANDARDS

2.1 Accounting Standard 15 - Employee Benefits

i) Leave Encashment

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision as at date (Unfunded)	1.44	0.93

ii) Provident Fund

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

(₹ in crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Employer's contribution during the year	1.17	0.95

iii) Gratuity

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

a) Change in defined benefit obligation during the year

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Defined benefit obligation at the beginning of the year	0.94	0.58
Service cost	1.09	0.17
Interest cost	0.08	0.04
Actuarial losses/(gains)	0.13	0.17
Benefit payments	(0.06)	(0.02)
Defined benefit obligation at the end of the year	2.18	0.94

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	0.85	0.56
Expected Return on Plan Assets	0.06	0.04
Contributions by the Bank	0.29	0.24
Actuarial Gain/(Loss) recognised during the year	(0.02)	0.03
Benefit paid	(0.06)	(0.02)
Fair value of plan assets at the end of the year	1.12	0.85

c) Amount recognised in Balance Sheet

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Present value of defined benefit obligation at the end of the year	(2.18)	(0.94)
Fair value of plan assets at the end of the year	1.12	0.85
Funded status (surplus/(deficit))	(1.06)	(0.09)
Unrecognised past service costs	-	-
Net asset/(liability) recognised in the Balance Sheet	(1.06)	(0.09)

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

2.1 Accounting Standard 15 - Employee Benefits (Contd.)

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

(₹ in crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current service cost	0.33	0.17
Net Interest Cost	0.02	-
Past service cost	0.76	-
Net Actuarial Losses/(Gains) recognised in the year	0.13	0.18
Total included in "Employee Benefit Expense" [Schedule 16(I)]	**1.24**	**0.35**

e) Experience adjustment is as follows:

(₹ in crores)

Experience Adjustments (gratuity)	For the year ended March 31, 2026	For the year ended March 31, 2025
Actuarial (Gains)/Losses on Obligations - Due to Experience	0.13	0.17
Actuarial (Gains)/Losses on Plan Assets - Due to Experience	(0.02)	0.03

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Salary escalations	8.00%	8.00%
Discount rate	6.77%	6.55%
Attrition rate	20.00%	20.00%
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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

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

The Central Government has notified the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes"), effective November 21, 2025. The New Labour Codes consolidate multiple existing labour laws into a unified framework governing employee benefits during employment and post-employment.
In accordance with the requirements of AS-15 (Revised) – Employee Benefits, changes in employee benefit obligations arising from legislative amendments represent a plan amendment. As per AS-15, the impact of such amendments, including any change in the present value of defined benefit obligations, is required to be recognised immediately in the Profit and Loss Account.

Accordingly, the Bank has evaluated the potential impact of the enactment of the New Labour Codes and has recognised an estimated increase in employee benefit obligations, which has been included within employee benefit expense in the financial statements for the year ended March 31, 2026.

As the underlying Central and State rules under the New Labour Codes are yet to be fully notified, the Bank continues to monitor further developments and clarifications. Any additional accounting impact arising from such developments will be recognised, as appropriate, in accordance with applicable accounting standards.

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

2.2 Accounting Standard 17 – Segment Reporting

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

a) Treasury – primarily comprising investments in Treasury Bills, Mutual Funds, Deposit with Banks.

b) Other Banking Operations - comprising business activities like accepting deposits, DMT, Micro ATM, Aadhar Enabled Payment System (AePS), Cash Management Services, Prepaid cards, Digital Payment Services, etc.

(₹ in crores)

	For the year ended March 31, 2026		
	Treasury	Other Banking Operation	Total
Revenue	32.92	745.46	778.38
Result	2.73	12.87	15.60
Unallocated Revenue			-
Expenses	0.36	731.93	732.29
Unallocated Expenses			0.33
Operating Profit/(Loss)			**15.93**
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)	**-**	**-**	**15.93**
Other Information			
Segment Assets	709.98	204.20	914.18
Unallocated Assets		-	12.70
Total Assets			926.88
Segment Liabilities	-	728.93	728.93
Unallocated Liabilities			3.66
Total Liabilities			**732.59**

**Includes Inter Segment revenue amounting to ₹ 29.83 Crs*

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

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.

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

2.3 Accounting Standard 18 – Related Party Disclosures

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

The related parties of the Bank are broadly classified as:

i)	Promoters	National Securities Depository Limited
ii)	Fellow Subsidiary	NSDL Database Management Limited
iii)	Key Management Personnel (KMP)	Mr. Abhijit Kamalapurkar – MD & CEO
		Mr. Harsh Kamdar – Chief Financial Officer (w.e.f. April 30, 2025)
		Mr. Gautam Goswami – Company Secretary

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

(₹ in crores)

Items/Related Party	For the year ended March 31, 2026				
	Parent (as per ownership or control)	Key Management Personnel (KMP)	Relatives of KMP	Fellow Subsidiary	Total
Rendering of services	0.64	-	-	0.27	0.91
Receipt of services	0.01	-	-	0.09	0.10
Reimbursement of expenses received	0.06	-	-	-	0.06
Reimbursement of expenses paid	0.21	-	-	-	0.21
Remuneration*	-	2.60	-	-	2.60
Security Deposit Given	0.02	-	-	0*	0.02
Balance payable towards Current account with us	0.07	-	-	0.11	0.18
Balance receivable	0.26	-	-	-	0.26
Balance payable	-	0.24	-	0.02	0.26

(₹ in crores)

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

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

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

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

2.4 Accounting Standard 19 - Lease Disclosures

The total amount paid by the Bank under operating lease for FY 2025-26 is ₹ 3.20 crores (₹ 1.62 crores during FY 2024-25). The Bank has entered into 1 non-cancellable operating lease arrangement in the current year. There were no financial lease arrangements in the current year.

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
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	4.41	2.07
b) Later than one year but not later than five years	3.30	2.07
c) Later than five years	-	-
ii) Total Expected future lease payment	7.71	4.14
iii) Lease payment recognised in the statement of Profit and Loss for the period	3.20	1.62

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

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
i) Hardware – Property, Plant and Equipment		
WDV at the beginning of the year	9.59	8.95
Additions during the year	4.37	2.75
Deductions during the year	-	-
Depreciation during the year	(2.65)	(2.11)
WDV at the close of the year	**11.31**	**9.59**
ii) Software – Intangible assets		
WDV at the beginning of the year	15.72	10.85
Additions during the year	8.24	8.97
Deductions during the year	-	-
Depreciation during the year	(5.28)	(4.10)
Impairment loss recognised during the year	(3.59)	-
WDV at the close of the year	**15.09**	**15.72**

2.6 Accounting Standard 22: Accounting for taxes

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax assets:		
WDV of fixed assets	1.04	0.71
Provision for doubtful debts	0.32	0.33
Unabsorbed depreciation on fixed assets	1.03	3.45
Business loss	-	2.31
Timing difference between provision and payment	0.73	0.32
Total	**3.12**	**7.12**

Deferred tax assets have not been recognised 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.

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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. Accordingly, the provisions of Minimum Alternate Tax under Section 115JB of the Income Tax Act, 1961 are not applicable to the Bank.

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

Particulars	As at March 31, 2026	As at March 31, 2025
i) Net profit/(loss) after tax (₹ in crores)	15.93	1.80
ii) Basic weighted average number of shares	18,26,70,952	18,00,00,000
iii) Diluted weighted average number of shares	18,26,70,952	18,00,00,000
iv) Basic EPS (₹)	0.87	0.10
v) Diluted EPS (₹)	0.87	0.10
vi) Nominal value of shares (₹)	10.00	10.00

2.8 Accounting Standard 28 – Impairment of Assets

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

The Management has reviewed the carrying value of the assets, as per Accounting Standard 28 - ""Impairment of Assets" during the year. As part of their review, they identified certain assets which are not in use due to technological upgradation and migration to new systems. Consequently, an amount of ₹ 3.59 crores has been recognised as impairment loss during FY 2025-26. (Nil during FY 2024-25)

3 ADDITIONAL DISCLOSURES AS PER RBI

3.1 Provisions and contingencies

Break up provisions and contingencies:

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
i) Asset written off	-	-
ii) Provision for Doubtful Debts/(reversal of provision)	(0.01)	(0.06)
iii) Total	**(0.01)**	**(0.06)**

3.2 Appropriation to/Withdrawal from Reserve

Statutory Reserve: The Bank has made an appropriation of ₹ 3.98 crores (FY 2024-25: ₹ 0.45 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 ₹ 8.01 crores (FY 2024-25: ₹ 1.35 crores) out of profits for the respective years to Investment Fluctuation Reserve pursuant to the RBI circular on "Prudential Norms for Classification, Valuation and Operation of Investments Portfolio by Banks – Spreading of MTM losses and creation of Investment Fluctuation Reserve (IFR)".

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
Complaints received by the bank from its customers			
i)	Number of complaints pending at the beginning of the year	104	110
ii)	Number of complaints received during the year	2,356	4,372
iii)	Number of complaints disposed during the year	2,458	4,378
	a) Of which, number of complaints rejected by the bank	-	-
iv)	Number of complaints pending at the end of year	2	104
Maintainable complaints received by Bank from OBOs			
v)	Number of maintainable complaints received by the bank from OBOs	954	1,056
	a) Of 5, number of complaints resolved in favour of the bank by BOs	921	1,056
	b) Of 5, number of complaints resolved through conciliation/meditation/ advisories issued by BOs	32	23
	c) Of 5, number of complaints resolved after passing of Awards by BO against the bank	1	-
vi)	Number of Awards unimplemented within the stipulated time (Other than those appealed)	-	-

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

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

Grounds of complaints (i.e. complaints relating to)	For the year ended March 31, 2026				
	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	27	987	2%	-	-
Others	73	1,143	(32)%	-	-
Internet/Mobile/Electronic Banking	4	171	(82)%	-	-
ATM/Debit Cards	-	35	(91)%	-	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	-	-	-	-
Prepaid card	-	20	(95)%	2	-

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

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

3.4 Concentration of deposits

Particulars		As at March 31, 2026	As at March 31, 2025
i)	Total deposits* of twenty largest depositors (₹ in crore)	3.37	1.50
ii)	Percentage of deposits of twenty largest depositors to total deposits of the Bank	0.89%	0.84%

**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 2025-26 ("Nil" during the year 2024-25).

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, 2026, the Bank has reviewed and recorded adequate provision as required under applicable RBI laws/accounting standards for material foreseeable losses on such long-term contracts, where applicable, in the books of account and disclosed the same under the relevant notes in the financial statements.

3.7 Details of provisioning related to fraud accounts

Particulars		As at March 31, 2026	As at March 31, 2025
i)	No. of frauds reported	356	163
ii)	Amount involved in such frauds (net of recovery) (₹ in crores)	0.31	0.18
iii)	Quantum of provision made (₹ in crores)	-	-
iv)	Quantum of unamortised provision debited from 'other Reserves' at the end of the year (₹ in crores)	-	-

3.8 Remuneration of Directors (Non-executive)

(₹ in crores)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
i)	Board Meeting	0.24	0.23
ii)	Audit Committee	0.14	0.14
iii)	Nomination and remuneration Committee	0.05	0.04
iv)	Risk Management Committee	0.07	0.07
v)	Customer Service Committee	0.07	0.09
vi)	IT Strategy Committee	0.05	0.05
vii)	Independent Director Committee	0.02	0.02
viii)	Special Committee on Fraud Cases	0.05	-
viii)	**Total**	**0.70**	**0.64**

3.9 Marketing and distribution

The Bank has earned ₹ 0.16 crores from distribution of third party Mutual Fund products during FY: 2025-26 (₹ 0.17 crores during FY 2024-25).

3.10 Bancassurance Business

The Bank has earned Nil from bancassurance business during FY: 2025-26 (Nil during FY 2024-25).

3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised pension/gratuity liabilities as at March 31, 2026 ("Nil" as at March 31, 2025).

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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 & Chief Executive Officer and Chief Business Officer are considered as Material Risk takers of the Bank.

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

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

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

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

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

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

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 utilises 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:

(₹ in crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a)(i) Number of meetings held by the Nomination and Remuneration Committee during the financial year	4	3
a)(ii) Remuneration paid to its members during the financial year	0.05	0.04
b) Number of employees having received a variable remuneration award during the financial year	1	1
c)(i) Number of sign- on/joining bonus awards made during the financial year	Nil	Nil

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

3.12 Disclosures on Remuneration (Contd.)

(₹ in crores)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
c)(ii) Total amount of sign-on/joining bonus awards made during the financial year	-	-
d) Details of severance pay, in addition to accrued benefits, if any	-	-
e) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	1.37	0.47
f) Total amount of deferred remuneration paid out in the financial year	0.04	-
g) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred*#		
Fixed pay including perquisites	2.14	1.24
Deferred variable pay	0.62	0.47
Non-deferred variable pay	0.16	0.12
h) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments:	-	-
i) Total amount of reductions during the financial year due to ex-post explicit adjustments	-	-
j) Total amount of reductions during the financial year due to ex-post implicit adjustments	-	-
k) Number of MRTs identified	2	1
l)(i) Number of cases where malus has been executed	Nil	Nil
l)(ii) Number of cases where claw back had been executed	Nil	Nil
l)(iii) Number of cases where both malus and clawback had been exercised	Nil	Nil

**Approval for Fixed pay of MD & CEO for FY 2025-26 has been received on September 22, 2025 from the Reserve Bank of India. Approval for variable pay for FY 2025-26 is awaited.*

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

iii) General Quantitative Disclosure:

The mean pay for the bank as a whole ₹ 0.18* crores (excluding sub-staff) (₹ 0.17* crores during the year 2024-25) and the deviation of the pay of each of its WTDs from the mean pay: ₹ 1.30* crores (₹ 1.10* crores during the year 2024-25)

**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 2025-26 ("Nil" during the year 2024-25).

3.14 Intra-group Exposure

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
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.	-	-

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

3.15 Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in crores)

Particulars		As at March 31, 2026	As at March 31, 2025
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.RBI DOR.ACC.REC.No.135/21.04.018/2025-26, dated November 28, 2025. Simultaneously, the Bank also prepares Financial Statements compliant with Ind AS standards/principles by converting the BR Act financials considering the Ind AS adjustments relating to MTM of investments, OCI impact of Ind AS 19, Financial lease liability as per Ind AS 116 etc. for the special purpose of consolidation at group reporting level. The same is subjected to audit by the statutory auditors.

3.18 Payment of DICGC Insurance Premium

(₹ in crores)

Particulars		As at March 31, 2026	As at March 31, 2025
i)	Payment of DICGC Insurance Premium	0.42	0.17
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:

(₹ in crores)

Particulars		As at March 31, 2026	As at March 31, 2025
i)	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	42.29	10.95
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	42.29	10.95
iv)	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
v)	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
vi)	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
vii)	Further interest remaining due and payable for earlier years	-	-

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

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

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

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)

The NSDL Payments Bank Employee Stock Option Plan 2022, ('ESOP 2022' or the 'Plan') of the Bank was approved by the Board of Directors of the Bank at their meeting held on May 17, 2022 and by the shareholders of Bank in the Extra Ordinary General Meeting held on June 27, 2022 for creation of employee stock option pool of 90 lakh employees stock options (ESOPs) exercisable into 90 lakh equity shares of ₹ 10 each fully paid up to eligible employees in one or more tranches from time to time on such terms and such manner as the Board may decide in accordance with the provisions of applicable law and the conditions mentioned in the Plan.

The Bank has implemented 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') administers the Plan. The Plan provides that the Bank's employees are granted an option to acquire equity shares of the Bank that vests in a graded manner based on approval by the Nomination and Remuneration Committee (NRC).

Summary of share-based payments:

Particulars	As at March 31, 2026		As at March 31, 2025	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding balance at the beginning of the year	18,68,507	19.86	15,33,396	19.05
Options granted	25,43,630	21.78	6,05,111	21.55
Options forfeited	(90,000)	19.05	(2,70,000)	19.05
Options exercised	-	-	-	-
Options expired	-	-	-	-
Options outstanding at the end of the year	43,22,137	21.01	18,68,507	19.86
Options exercisable at the end of the year	13,73,430		8,33,841	

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
For share options exercised:		
Weighted average exercise price at date of exercise	-	-
Money realised by exercise of options (in actual rupees)	-	-
For share options outstanding		
Range of exercise price	₹ 19.05 to 21.78	₹ 19.05
Average remaining contractual life of options	5.53 years	4.56 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 period ended March 31, 2026

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

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, 2026	For the year ended March 31, 2025
i)	Expected Volatility	17.29%-24.17%	25.15%-28.34%
ii)	Risk Free Interest Rates	5.79%-5.91%	7.03%-7.32%
iii)	Fair Value of option on grant date	₹ 5.02 to ₹ 7.85	₹ 4.56 to 6.87
iv)	Vesting conditions	33% at the end of each 12, 24 months and 34% at the end of each 36 months from the date of grant	33% at the end of each 12, 24 months and 34% at the end of each 36 months from the date of grant

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, 2026	For the year ended March 31, 2025
BC Commission and Incentive	540.27	599.39
Network switching and interchange charges	61.36	30.07
Call centre and customer communication expenses	9.73	4.94
Technology expenses	31.88	23.92

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, 2026	For the year ended March 31, 2025
Revenue from remittance and transfer services	380.98	407.38
Revenue from prepaid instruments	155.28	185.91
Fee and charges collected	121.59	55.39
Revenue from collection services	55.76	52.15

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, 2026	As at March 31, 2025
Earnest money deposit	141.17	79.11
Trade payables	97.44	48.61
Third party settlement - payment services	88.39	36.11
Prepaid card balances	10.70	16.73
Provision for employee benefits	9.41	4.16

Schedules forming part of the financial statements

as at and for the period ended March 31, 2026

3.23 Breakup of other expenditure, commission, exchange and brokerage, other liabilities and other assets: (Contd.)

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

(₹ in crores)

Particulars	As at March 31, 2026	As at March 31, 2025
Trade receivable	50.27	25.53
Security deposits	19.68	18.06
Taxes recoverable	10.15	7.22
Third party settlement - payment services	0.17	8.44

3.24 Corporate Social Responsibility (CSR)

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

3.25 Revised guidelines issued from Reserve Bank

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

Further, in compliance with the RBI Direction, the valuation gains or losses for the period ended March 31, 2025 across all performing investments held under AFS are aggregated and the net appreciation of 0* (net of tax) has been recognised in AFS reserve.

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

3.26 Previous Year comparative figures

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

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

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

Madan Gopal Narayanan
Partner
Membership No. 211784

Dhananjaya Tambe
Chairman
DIN: 07260971
Place: Mumbai

Sitaram Pothukuchi
Director
DIN: 00311538
Place: California, USA

Vijay Chandok
Director
DIN: 01545262
Place: Mumbai

Abhijit Kamalapurkar
MD & CEO
DIN: 08849177
Place: Mumbai

Harsh Kamdar
Chief Financial Officer
M.No. 177727
Place: Mumbai

Gautam Goswami
Company Secretary
M.No. A48726
Place: Mumbai

Place: Mumbai
Date: April 20, 2026

Notes

Notes

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NSDL Payments Bank

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CIN: U65900MH2016PLC284869

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