

**INDEPENDENT AUDITOR'S REPORT****To the Members of NSDL Payments Bank Limited****Report on the Audit of Financial Statements****Opinion**

We have audited the accompanying financial statements of NSDL Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31st March, 2023 and the statement of Profit and Loss Account and the statement of cash flows for the year then ended, and 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 together with notes thereon give full information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of Balance Sheet, of the state of affairs of the Bank as at March 31, 2023;
- b. in case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date;
- c. in the case of Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Basis for Opinion

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

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

The Bank's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of 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 Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and Profit and Loss Account and Cash Flow Statement have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by Section 30(3) 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 purposes of our audit and have found them to be satisfactory;
 - b) The transaction of the Bank, which have come to our notice have been within the powers of the Bank; and
 - c) Since the bank is having only one branch, the question on reporting the number of branches audited by us and the manner of audit thereon does not arise.
3. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - c) The balance sheet, the statement of profit and loss 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 Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank;
- 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 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) With respect to the other matters to be included in Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended

In our opinion and to the best of our information and according to the explanations given to us, being a banking company, Section 197 of the Act related to managerial remuneration 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 does not have any pending litigations which would impact its financial position;
 - ii) The Bank has made adequate provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts-Refer note 19.3.6 of schedule 19 to the financial statements;
 - 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 it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s)/entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - 2) The Management has represented that, to the best of it's 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) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Bank with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998

Place: Mumbai
Dated: 25 April 2023
UDIN: 23514998BGXENS5319



Annexure A to the Independent Auditor's Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998

Place: Mumbai
Dated: 25 April 2023
UDIN: 23514998BGXENS5319



NSDL PAYMENTS BANK LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

CAPITAL & LIABILITIES	Schedule No.	(Rs. in lakhs)	
		As at March 31, 2023	As at March 31, 2022
Capital	1	18,000.00	18,000.00
Employee Stock options outstanding		12.97	
Reserves and Surplus	2	(3,605.76)	(4,415.25)
Deposits	3	2,172.80	1,301.49
Borrowings	4	-	-
Other Liabilities and Provisions	5	22,611.64	10,125.07
TOTAL		39,191.65	25,011.31
ASSETS			
Cash and Balances with Reserve Bank of India	6	15,457.61	10,122.82
Balances with banks and money at call and short notice	7	4,319.90	4,844.43
Investments	8	14,414.71	7,264.52
Advances	9	-	-
Fixed Assets	10	1,302.37	1,154.27
Other Assets	11	3,697.06	1,625.27
TOTAL		39,191.65	25,011.31
Contingent Liabilities	12	25.00	35.00
Bills for Collection		-	-
Significant Accounting Policies	18		
Notes To Accounts	19		

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

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

As per our report of even date

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

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
Place : Delhi



Place : Mumbai
Date : 25 April, 2023



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

[Signature]
L Ravi Sankar
Director
DIN: 00185931

[Signature]
Padmaja Chunduru
Director
DIN: 08058663

[Signature]
Abhijit Kamalapurkar
MD & CEO
DIN: 08849177

[Signature]
Jigar Shah
Chief Financial Officer
M.No. 143856

[Signature]
Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

NSDL PAYMENTS BANK LIMITED
PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in lakhs)

Particulars	Schedule No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I INCOME			
Interest Earned	13	886.10	714.65
Other Income	14	53,234.41	29,280.96
TOTAL		54,120.51	29,995.61
II EXPENDITURE			
Interest Expended	15	36.95	28.76
Operating Expenses	16	53,150.06	29,247.97
Provisions and Contingencies	17	124.01	1,468.57
TOTAL		53,311.02	30,745.30
III PROFIT/LOSS			
Net Profit /(Loss) for the year		809.49	(749.69)
Profit brought forward		(4,415.25)	(3,665.56)
TOTAL		(3,605.76)	(4,415.25)
IV APPROPRIATIONS			
Transfer to Statutory Reserve		202.37	-
Transfer to Investment Reserve		-	-
Balance carried over to Balance Sheet		(3,808.13)	(4,415.25)
TOTAL		(3,605.76)	(4,415.25)
EPS Basic (Rs.)	19 (2.7)	0.45	(0.42)
EPS Diluted (Rs.)		0.45	(0.42)
Face Value of shares (Rs.)		10/-	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 V.Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
Place : Mumbai



Place : Mumbai
Date : 25 April, 2023

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

[Signature]
L Ravi Sankar
Director
DIN: 00185931

[Signature]
Padmaja Chunduru
Director
DIN: 08058663

[Signature]
Abhijit Kamalapurkar
MD & CEO
DIN: 08849177



[Signature]
Jigar Shah
Chief Financial Officer
M.No. 143856

[Signature]
Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

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

SCHEDULE 1 - CAPITAL

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Authorised Capital		
20,00,00,000 (PY 20,00,00,000) Ordinary Shares of Rs. 10/- each	20,000.00	20,000.00
Issued, Subscribed & Paid-up		
18,00,00,000 (PY 18,00,00,000) Ordinary Shares of Rs. 10/- each	18,000.00	18,000.00
TOTAL	18,000.00	18,000.00

SCHEDULE 2 - RESERVES & SURPLUS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Statutory Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	202.37	-
(iii) Deduction during the year	-	-
Total	202.37	-
2. Investment Reserve		
(i) Opening Balance	-	-
(ii) Addition during the year	-	-
(iii) Deduction during the year	-	-
Total	-	-
3. Balance in Profit & Loss Account	(3,808.13)	(4,415.25)
TOTAL	(3,605.76)	(4,415.25)



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

SCHEDULE 3 - DEPOSITS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
A. 1. Demand Deposits		
i) From Banks (Note-1)	44.91	29.91
ii) From Others	345.52	118.61
Total	390.43	148.52
2. Savings Bank Deposits	1,782.37	1,152.97
3. Term Deposits		
i) From Banks	-	-
ii) From Others	-	-
Total	-	-
TOTAL	2,172.80	1,301.49
B. i. Deposits of Branches in India	2,172.80	1,301.49
ii. Deposits of Branches outside India	-	-
TOTAL	2,172.80	1,301.49

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

SCHEDULE 4 - BORROWINGS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Subordinated debt	-	-
Total	-	-
2. Borrowings outside India	-	-
TOTAL	-	-

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Bills Payable	-	-
2. Inter Office Adjustments (Net)	-	-
3. Interest Accrued	-	-
4. Others (Including Provisions)	22,611.64	10,125.07
TOTAL	22,611.64	10,125.07



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

SCHEDULE 6 – CASH AND BALANCES WITH RESERVE BANK OF INDIA

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Cash in hand	-	-
2. Balances with Reserve Bank of India		
(i) In Current Account	10,225.16	10,122.82
(ii) In Other Accounts	5,232.45	-
TOTAL	15,457.61	10,122.82

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

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. In India		
(i) Balances with Banks		
a) In Current Accounts	295.18	459.43
b) In other Deposit Accounts	2,525.00	4,385.00
(ii) Money at Call and Short Notice		
a) With Banks	-	-
b) With Other Institutions	1,499.72	-
Total	4,319.90	4,844.43
2. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	-	-
TOTAL	4,319.90	4,844.43



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

SCHEDULE 8 – INVESTMENTS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Investments in India (Gross)		
Less – Provision for depreciation	13,472.53	7,264.52
Total	13,472.53	7,264.52
Investments in India in -		
(i) Government Securities	13,472.53	7,264.52
(ii) Other Approved Securities	-	-
(iii) Shares	-	-
(iv) Debentures & Bonds	-	-
(v) Subsidiaries and / or Joint Venture	-	-
(vi) Others	942.18	-
Total	14,414.71	7,264.52
2. Investments Outside India	-	-
Total	-	-
TOTAL	14,414.71	7,264.52

SCHEDULE 9 – ADVANCES

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
A.		
(i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans Repayable on Demand	-	-
(iii) Term Loans	-	-
Total	-	-
B.		
(i) Secured by Tangible Assets	-	-
(ii) Covered by Bank/Government Guarantees	-	-
(iii) Unsecured	-	-
Total	-	-
C.1 Advances in India		
(i) Priority Sector	-	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
Total	-	-
C.2 Advances Outside India	-	-
Total	-	-
TOTAL	-	-



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

SCHEDULE 10 – FIXED ASSETS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Premises		
(i) At cost at 31st March 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 31st March of the preceding year	2,118.41	3,058.34
(ii) Additions during the year	704.74	297.03
(iii) Deductions during the year	55.06	1,236.96
(iv) Accumulated Depreciation to date	1,664.76	1,235.26
Total	1,103.33	883.15
3. Capital Work in Progress	199.04	271.12
TOTAL (1+2+3)	1,302.37	1,154.27

SCHEDULE 11 – OTHER ASSETS

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
1. Inter-Office Adjustment (Net)	-	-
2. Interest Accrued	544.04	218.54
3. Tax Paid in Advance/Tax Deducted at Source (Net of Provision)	85.05	93.94
4. Stationery and Stamps	-	-
5. Deferred Tax Assets (Net)	-	-
6. Others	3,067.97	1,312.79
TOTAL	3,697.06	1,625.27

SCHEDULE 12 – CONTINGENT LIABILITIES

Particulars	(Rs. in lakhs)	
	As at March 31, 2023	As at March 31, 2022
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	-	-
4. Guarantees given on behalf of constituents		
(i) In India	-	-
(ii) Outside India	-	-
6. Acceptances, Endorsements and other Obligations	-	-
7. Other items for which the bank is contingently liable		
(i) Income tax & other matters (under appeal)	-	-
(ii) Others		
(a) Capital Commitment	-	10.00
(b) Bank Guarantee issued by other Bank on our behalf	25.00	25.00
TOTAL	25.00	35.00



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

SCHEDULE 13 – INTEREST EARNED

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Interest / Discount on Advances / bills	-	-
2. Income on Investments	618.24	197.22
3. Interest on balance with RBI and Other Inter bank funds	248.88	511.25
4. Others	18.98	6.18
TOTAL	886.10	714.65

SCHEDULE 14 – OTHER INCOME

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Commission, Exchange and Brokerage	53,230.14	29,264.07
2. Profit on sale of Investments (Net)	2.01	14.05
3. Profit / (Loss) on sale of land, building and other assets (Net)	-	-
4. Profit on exchange transactions (Net)	(1.56)	(1.85)
5. Miscellaneous Income	3.82	4.69
TOTAL	53,234.41	29,280.96

SCHEDULE 15 – INTEREST EXPENDED

Particulars	(Rs. in lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
1. Interest on Deposits	35.43	23.30
2. Interest on Reserve Bank of India / Inter-Bank Borrowings	-	-
3. Others	1.52	5.46
TOTAL	36.95	28.76



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

SCHEDULE 16 – OPERATING EXPENSES

Particulars

(Rs. in lakhs)

For the year ended March 31, 2023	For the year ended March 31, 2022
---	---

1. Payments to and provisions for employees	2,035.74	1,992.67
2. Rent, taxes and lighting	238.33	142.12
3. Printing and stationery	1.33	0.78
4. Advertisement and publicity	9.03	75.33
5. Depreciation on banks property	459.61	389.36
6. Director's fees Allowances and expenses	78.82	60.42
7. Auditors' fees and expenses (Including branch auditor's fees and expenses)	27.54	29.71
8. Law Charges	-	-
9. Postage, Telegrams, Telephones, etc.	10.48	5.66
10. Repairs and maintenance	441.75	429.48
11. Insurance	64.02	31.81
12. Other Expenditure	49,783.41	26,090.63
TOTAL	53,150.06	29,247.97

SCHEDULE 17 – Provisions and Contingencies

Particulars

(Rs. in lakhs)

For the year ended March 31, 2023	For the year ended March 31, 2022
---	---

1. Provision for bad and doubtful debts	99.06	7.04
2. Write off of Employee cost upto March 2021 (net of depreciation reversal benefit)	-	1,456.70
3. Intangible Assets under development / Assets written off	24.95	4.83
TOTAL	124.01	1,468.57



NSDL PAYMENTS BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

		(Rs. in lakhs)	
Sr.	Particulars	For the year ended March 2023	For the year ended March 2022
I	Cash Flow from Operating Activities		
	Net Profit for the Year (before taxes)	809.49	(749.69)
	Adjustments for:		
	Add : Non-Cash Expenditure	-	-
	- Write off of Employee cost upto March 2021 (net of depreciation reversal benefit)	-	1,456.70
	- Intangible Assets under development written off	24.95	4.83
	- Provision for bad and doubtful debts	99.06	7.04
	- Depreciation	459.59	389.36
	- Stock based Compensation cost	12.97	-
	Cash Flow before Changes in Working Capital	1,406.06	1,108.24
	<i>Adjustments for working capital changes</i>		
	Deposits	871.31	648.54
	Other Liabilities	12387.51	560.69
	Other Assets	(2,193.95)	114.31
	Direct Taxes (Net)	8.90	(73.52)
	(Increase)/Decrease in AFS Investments	(7,036.92)	(4,238.73)
	Cash generated from Operating Activities	5,442.91	(1,880.47)
II	Cash Flow from Investing Activities		
	Addition to Other Fixed Assets	(632.65)	(244.62)
	Sale/Deletions in Fixed Assets	-	-
	(Addition)/Deletion to Capital Work in Progress	-	-
	Cash generated from Investing Activities	(632.65)	(244.62)
III	Cash Flow from Financing Activities		
	Proceeds of share issue	-	-
	Cash generated from financing Activities	-	-
IV	Increase/Decrease during the Year	4,810.26	(2,125.09)
V	Opening Cash and Cash Equivalents	14,942.25	17,067.34
VI	Closing Cash and Cash Equivalents	19,752.51	14,942.25
	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)	15,457.61	10,122.82
(ii)	Balances with Banks in Current Accounts (Refer Schedule 7)	4,319.90	4,844.43
(iii)	Less: Lien on Fixed Deposits	25.00	25.00
	Cash and cash equivalents at the end of the year	19,752.51	14,942.25

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

Figures in brackets indicate cash outflow.

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

As per our report of even date

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

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998
Place : Delhi



Place : Mumbai
Date : 25 April, 2023



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

[Signature]
L. Ravi Sankar
Director
DIN: 00185931

[Signature]
Padmaja Chunduru
Director
DIN: 08058663

[Signature]
Abhinav Kamalapurkar
MD & CEO
DIN: 08849177

[Signature]
Jigar Shah
Chief Financial Officer
M.No. 143856

[Signature]
Balan Santosh Parthasarathy
Company Secretary
M.No. A49602

NSDL PAYMENTS BANK LIMITED

18. Significant Accounting Policies

1. Background

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

- Accepting demand deposits in the form of savings bank deposits,
- To provide payment/ remittance/recharge services through its mobile application,
- Issue of debit cards for point of sale/Ecommerce and ATM transactions,
- Accepting demand deposits in the form of current account deposits,
- Offering domestic money transfer, Aadhar enabled payment services, Micro ATM transactions through Business Correspondents
- Issuing co-branded prepaid cards to customers through agreements with programme managers
- Offering mutual fund investment services through mobile app,
- Offering Bank verification services for corporate brokers,
- Offering insurance investment services through mobile app,

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 30 March 2017. Thus, the Bank commenced banking business on 29th October, 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) Amendment Rules, 2016 to the extent applicable and as amended practices generally prevalent in the banking industry in India.

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

2.2 Use of estimates

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



NSDL PAYMENTS BANK LIMITED

3. Investments

Classification:

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

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

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

- Government Securities,
- Other approved securities,
- Shares,
- Debentures and Bonds,
- Investment in Subsidiaries/Joint Ventures
- Others (MF units, CD/CP, etc.)

Basis of Classification:

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

All other investments are classified as AFS securities.

Acquisition cost:

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

Valuation:

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

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

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



NSDL PAYMENTS BANK LIMITED

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

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

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

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

Disposal of Investments

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

4. Deposits

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

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

5. Fixed Assets (Property, Plant and Equipment),(Tangible and Intangible), Depreciation/Amortisation

Property, Plant and Equipment (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 Asset having value of Rs.5,000/- & less has been fully depreciated in the year of purchase.

Depreciation is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition.

The Management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets for which a technical evaluation has been done by the Management this year. The assets residual value and useful lives are reviewed at each financial year end or whenever there are indicators for review and adjusted prospectively.



NSDL PAYMENTS BANK LIMITED

Asset category	Estimated Useful Life
Application software	
Office Equipment	5 years
Computers and data processing units	5 years
- Servers and networks	6 years
End user devices, such as, desktops, laptops, etc.	3 years
Electrical Installations and Equipment	10 years
Furniture and Fittings	10 years
Leasehold Improvements	5 years

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 FEDAI relevant to the balance sheet date. The resulting gain or loss on revaluation are included in the Profit and Loss Account

8. Revenue recognition

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

Investing and other activities

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

Other Revenues

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

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



NSDL PAYMENTS BANK LIMITED

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.



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

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.



NSDL PAYMENTS BANK LIMITED

14. Provisions, Contingent Liabilities and Contingent Assets

In accordance with AS-29 relating to Provisions, Contingent Liabilities and Contingent Assets; a provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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

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

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

Contingent assets are not recognised in the financial statements.

15. Provision for bad and doubtful debts

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

16. Cash and cash equivalents

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

17. Cash flow Statements

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



NSDL PAYMENTS BANK LIMITED

19. Notes forming part of the financial statements for the year ended 31 March 2023

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, 2023	As at March 31, 2022
i)	Common Equity Tier-1 capital ratio (%)	305.89%	501.58%
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	305.89%	501.58%
iv)	Tier 2 capital (%)	-	-
v)	Total capital (Tier 1+Tier 2)	305.89%	501.58%
vi)	Total Risk Weighted Assets (RWAs) (Rs in crores)	43.14	25.01
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)/ Paid Up share capital and reserves as percentage of RWAs(%)	305.89%	501.58%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) (%)	305.89%	501.58%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) (%)	-	-
x)	Capital to Risk Weighted Assets Ratio (CRAR) (%)	305.89%	501.58%
xi)	Leverage Ratio (%)	38.50%	58.59%
xii)	Percentage of the shareholding of a) Government of India b) State Government	-	-
xiii)	Amount of paid-up equity capital raised during the year	-	-
xiv)	Amount of non-equity Tier 1 capital raised during the year, of which: a. Non-Cumulative Preference Shares (PNCPS) b. Debt Instruments (PDI)	-	-
xv)	Amount of Tier 2 capital raised during the year, of which: a. Debt capital instruments: b. Preference Shares (PCPS) / Redeemable Non-Cumulative Shares (PCPS) /Perpetual Debt Instrument/ Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS)]	-	-



NSDL PAYMENTS BANK LIMITED

1.2 Investments

a. Composition of Investment Portfolio

As at March 31, 2023:

(Amount in ₹ crore)

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



NSDL PAYMENTS BANK LIMITED

As at March 31, 2022

(Amount in ₹ crore)

	Investments in India						Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Available for Sale											
Gross	72.65	-	-	-	-	-	-	-	-	-	72.65
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	72.65	-	-	-	-	-	-	-	-	-	72.65
Held for Trading											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Total Investments	72.65	-	-	-	-	-	-	-	-	-	72.65
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	72.65	-	-	-	-	-	-	-	-	-	72.65



NSDL PAYMENTS BANK LIMITED

b. Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ crore)

Particulars	As at March 31, 2023	As at March 31, 2022
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		
a) Opening balance		
b) Add: Amount transferred during the year		
c) Less: Drawdown		
d) Closing balance		
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category		

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

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2023 are as follows:

(Amount in ₹ crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year*	Outstanding as on March 31, 2023
i) Securities sold under repo				
a) Government securities				
b) Corporate debt securities				
c) Any other securities				
ii) Securities purchased under reverse repo				
a) Government securities	1.00	20.00	3.63	5.00
b) Corporate debt securities				
c) Any other securities				

The details relating to repo/ reverse repo transactions (in face value terms) during the year ended 31 March 2022 are as follows:

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year*	Outstanding as on March 31, 2022
ii) Securities sold under repo				
a) Government securities				
b) Corporate debt securities				
c) Any other securities				



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iii) Securities purchased under reverse repo				
a) Government securities	3.15	50.00	7.42	
b) Corporate debt securities	-	-	-	
c) Any other securities	-	-	-	

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

1.4 Non SLR Investment Portfolio

i. Issuer composition of Non SLR investments as at March 31, 2023

(Amount in ₹ crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	9.42	-	-	-	-
(iv)	Private Companies	-	-	-	-	-
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others	-	-	-	-	-
(vii)	Total (i to vi)	9.42	-	-	-	-
(viii)	Less: Provision held towards depreciation	-	-	-	-	-
	Total (viii – viii)	9.42	-	-	-	-

ii. Issuer composition of Non SLR investments as at March 31, 2022

(Amount in ₹ crore)

Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(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 2022 - 23 ("Nil" during the year 2021-22).



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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 2022-23 ("Nil" a during the year 2021-22).

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 2022-23. ('Nil' during the year 2021-22) Therefore, qualitative and quantitative disclosures under RBI guidelines with respect to derivative transactions are not required.

1.8 Asset Quality

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

1.9 Business Ratios

Particular	As at March 31,2023	As at March 31,2022
i) Interest Income as a percentage to Working Funds ¹	3.21%	2.91%
ii) Non-interest income as a percentage to Working Funds ¹	193.11%	119.03%
iii) Cost of Deposits	2.51%	2.25%
iv) Net Interest Margin ² *	5.62%	4.80%
v) Operating Profit as a percentage to Working Funds ³	3.39%	2.92%
vi) Return on Assets ³	2.94%	(3.05%)
vii) Business deposits per employee ⁴ (in ₹ crore)	0.19	0.12
viii) Profit per employee (in ₹ crore)	0.07	(0.07)

¹Working 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.

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

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

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 as on March 31, 2023:

Maturity Bucket	Deposits	Advances	Investments	Borrowings	(₹ in crore)	
					Foreign currency assets	Foreign currency liabilities
Day 1	1.22	-	-	-	-	-
2 to 7 days	0.77	-	19.97	-	-	-
8 to 14 days	0.77	-	4.98	-	-	-
15 to 30 days	-	-	6.68	-	-	-



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Days 31 to 2 months	-	-	23.25	-	-	-
Over 2 months to 3 months	-	-	16.99	-	-	-
Over 3 months to 6 months	-	-	31.09	-	-	-
Over 6 months to 1 year	-	-	41.17	-	-	-
Over 1 year to 3 years	18.98	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	21.73	-	144.15	-	-	-

Maturity pattern of certain items of assets and liabilities as on March 31, 2022:

Maturity Bucket	Deposits	Advances	Investments	Borrowings	(₹ in crore)	
					Foreign currency assets	Foreign currency liabilities
Day 1	0.74	-	-	-	-	-
2 to 7 days	0.44	-	-	-	-	-
8 to 14 days	0.44	-	-	-	-	-
15 to 30 days	-	-	-	-	-	-
Days 31 to 2 months	-	-	16.74	-	-	-
Over 2 months to 3 months	-	-	14.61	-	-	-
Over 3 months to 6 months	-	-	14.47	-	-	-
Over 6 months to 1 year	-	-	26.83	-	-	-
Over 1 year to 3 years	11.38	-	-	-	-	-
Over 3 years to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	13.01	-	72.65	-	-	-

1.11 Exposures

i) Sensitive Sectors

The Bank has not entered any transactions related to capital market and real estate sector during the year 2022-23 and 2021-22.

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

1.12 Disclosure of penalties imposed by RBI

No Penalty has been imposed by RBI during the year 2022-23 ("Nil" during FY 2021-22)



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2. Disclosure Requirements as per Accounting Standards

2.1 Accounting Standard 15 - Employee Benefits

Leave Encashment

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

(₹ in crore)			
No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Provision as at date (Unfunded)	0.75	2.02

Provident Fund

The Company's contribution to the Employee Provident Fund amounted to Rs. 0.65 crores for the year 2022-23 (Rs. 0.61 crores for the year 2021-2022)

Gratuity

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

Balance Sheet

Change in Defined Benefit Obligation during the year

(₹ in crore)			
No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Defined Benefit Obligation at the beginning of the year	0.38	0.21
2	Service cost	0.14	0.12
3	Interest cost	0.02	0.01
4	Actuarial losses/(gains)	(0.04)	0.04
5	Benefit payments	(0.03)	-
6	Defined Benefit obligation at the end of the year	0.47	0.38

Amount recognised in Balance Sheet

(₹ in crore)			
No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Present value of defined benefit obligation at the end of the year	0.47	0.38
2	Fair value of plan assets at the end of the year	(0.50)	(0.31)
3	Funded status ((surplus)/ deficit)	0.03	0.07
4	Unrecognised past service costs	-	-
5	Net asset / (liability) recognised in the Balance Sheet	(0.03)	(0.07)

Change in the fair value of Plan Assets during the year

(₹ in crore)			
No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Fair value of plan assets at the beginning of the year	0.31	0.22
2	Expected Return on Plan Assets	0.02	0.01



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3	Contributions by the Bank	0.20	0.10
4	Actuarial Gain/ (Loss) recognised during the year	(0.00)*	(0.02)
5	Benefit paid	(0.03)	-
6	Fair value of plan assets at the end of the year	0.50	0.31

Profit and Loss Account

Net employee benefit expenses (recognised in payments to and provisions for employees)

		(₹ in crore)	
No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1	Current service cost	0.14	0.12
2	Net Interest Cost	(0.00)*	(0.01)
3	Net Actuarial Losses/(Gains) recognised in the year	(0.03)	0.05
	Total included in "Employee Benefit Expense" [Schedule 16(I)]	0.11	0.16

Experience adjustment is as follows:

		(₹ in crore)	
No.	Experience Adjustments	For the year ended March 31, 2023	For the year ended March 31, 2022
	Gratuity		
1	Actuarial (Gains)/Losses on Obligations – Due to Experience	(0.04)	0.04
2	Actuarial (Gains)/Losses on Plan Assets – Due to Experience	0.00*	0.02

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

No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Salary escalations	8.00%	8.00%
2	Discount rate	7.31%	6.09%
3	Attrition rate	20%	20%
4	Mortality rate	Indian assured Lives Mortality (2012-14)	Indian assured Lives Mortality (2012-14)

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

*'0' denotes amount less than Rs fifty thousand.

2.2 Accounting Standard 17 – Segment Reporting

- The Bank has classified its business into the following segments, namely:
 - Treasury - primarily comprising investments in Treasury Bills, Mutual Funds, Deposit with Banks.
 - Other Banking Operations - comprising business activities like accepting deposits, offering domestic money transfer and other services includes business correspondent services, MATM & AEPS etc.



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As at March 31, 2023

(₹ in crore)

Business segments	Treasury	Other Banking Operation	Total
Revenue	8.88	532.32	541.21
Unallocated Revenue	-	-	-
Expenses	0.01	533.04	533.05
Unallocated Expenses	-	-	0.07
Operating Profit/(Loss)	-	-	8.09
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)	-	-	8.09
Other Information			
Segment Assets	196.89	187.45	384.34
Unallocated Assets	-	-	7.58
Total Assets	-	-	391.92
Segment Liabilities	-	247.84	247.84
Unallocated Liabilities	-	-	-
Total Liabilities	-	-	247.84

As at March 31, 2022

(₹ in crore)

Business segments	Treasury	Other Banking Operation	Total
Revenue	7.29	292.67	299.96
Unallocated Revenue	-	-	-
Expenses	0.01	307.24	307.25
Unallocated Expenses	-	-	0.21
Operating Profit/(Loss)	-	-	(7.50)
Income Tax	-	-	-
Extraordinary Profit/(Loss)	-	-	-
Net Profit/(Loss)	-	-	(7.50)
Other Information			
Segment Assets	118.74	125.98	244.72
Unallocated Assets	-	-	5.39
Total Assets	-	-	250.11
Segment Liabilities	-	110.82	110.82
Unallocated Liabilities	-	-	3.45
Total Liabilities	-	-	114.27

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.



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Geographic segment:

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

2.3 Accounting Standard 18 – Related Party Disclosures

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

The related parties of the Bank are broadly classified as:

Relationship	Name of the related Party
Promoters	National Securities Depository Limited
Fellow Subsidiary	NSDL Database Management Limited
Key Management Personnel (KMP)	Mr. Abhijit Kamalapurkar - MD & CEO Mr. Abhishek Bagchi - CFO (upto July 11, 2022) Mr. Jigar Shah – CFO (w.e.f. July 12, 2022) Mr. Balan Parthasarthy (CS)

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.

As at March 31, 2023

(₹ in crore)

Items / Related Party	Parent (as per ownership or control)	Key Management Personnel	Relatives of Key Management Personnel	Fellow Subsidiary	Total
Rendering of services	0.35	-	-	0.03	0.38
Received of Services	0.03	-	-	0.05	0.08
Reimbursement of expenses	0.15	-	-	-	0.15
Remuneration*	-	1.91	-	-	1.91
Security Deposit Given	0.02	-	-	0*	0.02
Balance payable towards Current account with us	0.02	-	-	0*	0.02
Balance receivable	0.21	-	-	-	0.21

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



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As at March 31, 2022

(₹ in crore)

Items / Related Party	Parent (as per ownership or control)	Key Management Personnel	Relatives of Key Management Personnel	Fellow Subsidiary	Total
Rendering of services	0.40	-	-	0.17	0.57
Received of Services	0.03	-	-	0*	0.03
Reimbursement of expenses	0.15	-	-	-	0.15
Remuneration*	-	1.41	-	-	1.41
Security Deposit Given	0.02	-	-	0**	0.02
Balance payable towards Current account with us	0.02	-	-	0**	0.02
Balance receivable	0.02	-	-	0.05	0.07

* 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.

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

2.4 Accounting Standard 19 - Lease Disclosures

The total amount paid by the Bank under operating lease for FY 2022-23 is Rs. 2.17 crores. ("Rs.1.18 crores during FY 2021-22). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year.

(₹ in crore)

Particulars	For the year ended March 31,2023	For the year ended March 31,2022
1.The total of future minimum lease payments under noncancellable operating leases for each of the following periods:		
a) Not later than one year	1.62	0.22
b) Later than one year but not later than five years	5.76	-
c) Later than five years	-	-
2. Total Expected future lease payment	7.38	0.22
3. Lease payment recognized in the statement of Profit and Loss for the period	2.17	1.18

2.5 Accounting Standard 10 and 26 – Fixed Assets and Other application software's Other Fixed Assets (including furniture & fixtures)

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

(₹ in crore)

Hardware - PPE	For the year ended March 31, 2023	For the year ended March 31, 2022
WDV at the beginning of the year	1.15	1.37
Additions during the year	0.71	0.36
Deductions during the year	0.55	-
Depreciation during the year	0.26	0.58
WDV at the close of the year	1.05	1.15



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	(₹ in crore)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Software – Intangible		
WDV at the beginning of the year	7.68	16.15
Additions during the year	6.34	2.61
Deductions/Write off during the year	-	7.77
Depreciation during the year	4.04	3.31
WDV at the close of the year	9.98	7.68

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 crore)	
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax assets :		
WDV of fixed assets	2.83	1.99
Provision for doubtful debts	0.30	0.02
Unabsorbed depreciation on fixed assets	3.81	3.81
Business loss	1.61	3.37
Employee Benefits	0.21	0.56

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

As there is no taxable income for the year under normal provisions as well as under Section 115 JB (MAT) of the Income Tax Act, 1961, no provision for taxation has been made.

2.7 Appropriation to / Withdrawal from Reserve

Statutory Reserve: The Bank has made an appropriation of Rs.2.02 Crore (31 March 2022 Rs. Nil) out of profits for the year ended 31 March 2023 to Statutory Reserve pursuant to the requirement of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net profit/(loss) after tax (Rs. in crores)	8.09	(7.50)
Basic weighted average no. of shares	18,00,00,000	18,00,00,000
Diluted weighted average no. of shares	18,00,00,000	18,00,00,000
Basic EPS (Rs.)	0.45	(0.42)
Diluted EPS (Rs.)	0.45	(0.42)
Nominal value of shares (Rs.)	10/-	10/-

2.9 Accounting Standard 28 – Impairment of Assets

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

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



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3 Additional Disclosures as per RBI

3.1 Provisions and contingencies

Break up provisions and contingencies.

Particulars	(Amount in ₹ crore)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Asset written off	0.25	0.05
Provision for Doubtful Debts	0.99	0.07
Total	1.24	14.69

3.2 Appropriation to / Withdrawal from Reserves

(i) Statutory Reserve:

The Bank has made an appropriation of Rs. 2.03 crore (31 March 2022: Nil) out of profits for the year ended 31 March 2023 to Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

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

Sr.No.	Particulars	Previous year	Current year*
Complaints received by the bank from its customers			
1.	Number of complaints pending at the beginning of the year	3	8
2.	Number of complaints received during the year	680	1589
3.	Number of complaints disposed during the year	675	1589
3.1	Of which, number of complaints rejected by the bank	0	0
4.	Number of complaints pending at the end of year	8	8
Maintainable complaints received by Bank from OBOs			
5.	Number of maintainable complaints received by the bank from OBOs	81	327
5.1	Of 5, number of complaints resolved in favour of the bank by Bos	81	327
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Bos	0	0
5.3	Of 5, number of complaints resolved after passing of Awards by BO against the bank	0	0
6.	Number of Awards unimplemented within the stipulated time (Other than those appealed)	0	0

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.



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

Grounds of complaints (i.e. complaints relating to)	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
1	2	3	4	5	6
F.Y. 2022 - 23					
Account opening/difficulty in operation of accounts	4	455	46%	4	0
Others	1	204	(12%)	3	0
Internet/Mobile/Electronic Banking	1	114	54%	1	0
ATM/Debit Cards	2	816	1384%	0	0
Levy of charges without prior notice/excessive charges/foreclosure charges	0	0	(100%)	0	0

*The count of complaints received in FY23 is due to increase in CASA business compared to previous year .Increase is mainly due Debit Card and Account operation related issues.

Grounds of complaints (i.e. complaints relating to)	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
1	2	3	4	5	6
F.Y.2021 -22					
Account opening/difficulty in operation of accounts	0	312	512%	4	0
Others	0	228	744%	1	0
Internet/Mobile/Electronic Banking	1	74	222%	1	0
ATM/Debit Cards	2	55	358%	2	0
Levy of charges without prior notice/excessive charges/foreclosure charges	0	11	1000%	0	0

3.4 Concentration of deposits

Particulars	As at March 31, 2023	As at March 31, 2022
Total deposits* of twenty largest depositors (₹ crore)	0.82	0.68
Percentage of deposits of twenty largest depositors to total deposits of the Bank	21.73%	5.20%

*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 2022-23 ("Nil" during the year 2021-22).



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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, 2023, 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, 2023	As at March 31, 2022
No. of frauds reported	61	27
Amount involved in such frauds (net of recovery) (₹ crore)	0.06	0.02
Quantum of provision made (₹ crore)	-	-
Quantum of unamortized provision debited from 'other Reserves' at the end of the Year (₹ crore)	-	-

3.8 Remuneration of Directors (Non-executive)

Particulars	(Amount in ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
- Board Meeting	0.36	0.18
- Audit Committee	0.14	0.10
- Nomination & remuneration Committee	0.05	0.05
- Risk Management Committee	0.08	0.07
- Customer Service Committee	0.06	0.06
- IT Strategy Committee	0.06	0.07
- Independent Director Committee	0.02	0.03
Total	0.77	0.56

3.9 Marketing and distribution

The Bank has earned Rs.0.15 crores from distribution of third party Mutual Fund products during FY: 2022-23 (Rs. 0.26 crore during FY 2021-22).

3.10 Bancassurance Business

The Bank has earned Rs 0.00* crores from bancassurance business during FY 2022-23 (Rs 0.01 crores during FY 2021-22).

*0 denotes amount less than Rs fifty thousand.

3.11 Unamortised Pension and Gratuity Liabilities

The Bank does not have any unamortised Pension /Gratuity Liabilities as at March 31, 2023 ('Nil' as at March 31, 2022).



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3.12 Disclosures on Remuneration

(i) Qualitative Disclosure

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

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

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

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

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 utilizes and the rationale for using these different forms:

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

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

(ii) Quantitative Disclosure:

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

Number of meetings- 4 (4 during FY 2021-22)

Remuneration paid to the members during the year 2022-23 - Rs 0.77 crores (Rs 0.05 crores during FY 2021-22)

b. Number of employees having received a variable remuneration award during the financial year: 1(1 during the year 2021-22)



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c. Number and total amount of sign-on /joining bonus awards made during the financial year : Nil (0.10 crores during the year 2021-22)

d. Details of severance pay, in addition to accrued benefits, if any - Nil (Nil during the year 2021-22)

e. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms- Nil (Nil during the year 2021-22)

f. Total amount of deferred remuneration paid out in the financial year: Nil (Nil during the year 2021-22)

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

**Fixed Pay: Basic Salary Rs. 0.31 crores (PY Rs 0.28 crores), Other Allowances* Rs 0.76 crore (PY Rs 0.59 crore)

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

Deferred Variable Pay: Nil (PY Nil)

Non-Deferred Variable Pay: Nil (PY Rs Nil)

Variable Pay details pertains to payment made to MD & CEO as full and final settlement. Variable pay for the FY 2022-23 are yet to be reviewed and approved by the committee.

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

h. Total amount of outstanding deferred remuneration and retained remuneration exposed to expost explicit and/ or implicit adjustments - Nil (Nil during the year 2021-22)

i. Total amount of reductions during the financial year due to ex- post explicit adjustments - Nil (Nil during the year 2021-22)

j. Total amount of reductions during the financial year due to ex- post implicit adjustments -Nil (Nil during the year 2021-22)

k. Number of MRTs identified: The MD & CEO is only MRT identified at the Bank

a. Number of cases where malus has been executed: NIL (NIL during the year 2021-22)

b. Number of cases where clawback had been executed: NIL (NIL during the year 2021-22)

c. Number of cases where both malus and clawback had been exercised: NIL (NIL during the year 2021-22)

(iii) General Quantitative Disclosure

The mean pay for the bank as a whole Rs 0.18* crores (excluding sub-staff) (Rs 0.15 crores during the year 2021-22) and the deviation of the pay of each of its WTDs from the mean pay: Rs 0.95* crores (Rs 0.71 crores during the year 2021-22)

*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 2022-23 ("Nil" during the year 2021-22).



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3.14 Intra-group Exposure

Particulars	(Amounts in ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Total amount of intra group exposures	-	-
Total amount of top 20 intra group exposures	-	-
Percentage of intra group exposures to total exposure of the bank on borrowers / customers	-	-
Details of breach of limits on intra group exposures and regulatory action thereon, if any.	-	-

3.15 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(Amounts in ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
Opening balance of amounts transferred to DEAF	-	-
Add : Amounts transferred to DEAF during the year	-	-
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

3.16 Liquidity Coverage Ratio (LCR)

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

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

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

3.18 Payment of DICGC Insurance Premium

Sr. No.	Particulars	(Amounts in ₹ crore)	
		As at March 31, 2023	As at March 31, 2022
i)	Payment of DICGC Insurance Premium	0.04	0.02
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.

Sr No	Particulars	(Amounts in ₹ crore)	
		As at March 31, 2023	As at March 31, 2022
1.	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.22	-
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.22	0.02



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4	Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
5	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
6	Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
7	Further interest remaining due and payable for earlier years	-	-

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

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

3.20 As per Operating guidelines for Payments Bank issued by RBI dated 6th October, 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 has not been made.

3.21 The Bank has availed a Bank Guarantee for an amount of Rs. 0.25 crore (Prev. period Rs. 0.25 crore) in favour of UIDAI against a lien on Fixed Deposit.

3.22 Employee Stock Option Plan (ESOP)

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

Summary of share-based payments:

Particulars	ESOP 2022
Outstanding balance at the beginning of the year	-
Options granted	16,50,000
Options forfeited	3,60,000
Options exercised	-
Options expired	-
Options outstanding at the end of the year	12,90,000
Options exercisable at the end of the year	-
For share options exercised:	
Weighted average exercise price at date of exercise	-
Money realized by exercise of options (in actual rupees)	-
For share options outstanding	
Range of exercise price	19.05
Average remaining contractual life of options	6.55 years
Modification of plans	N.A.
Incremental fair value on modification	N.A.

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	2022 -23
Expected Volatility	25.15%-28.34%
Risk Free Interest Rates	7.03%-7.32%
Fair Value of option on grant date	4.56-6.87



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The Nomination and Remuneration Committee (NRC) has approved grants of 675,000 stock options to MD & CEO. Stock options will be granted subject to RBI's approval.

3.23 Category wise Breakup of Other Expenses (Schedule-16)

Particulars	Amounts in ₹ crore)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Membership Fees	0.25	0.29
Professional Fees	1.43	0.82
Office Maintenance	0.68	0.17
Travelling and Conveyance	0.12	0.04
Others	495.03	257.13
Call Centre expenses	0.17	2.25
Security Charges	0.14	0.20
Registration Charges	0.01	0.01
Total	497.83	260.91

3.24 Corporate Social Responsibility (CSR)

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

3.25 Previous Year comparative figures

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

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm Registration No:109208W

Karthik Srinivasan

Karthik Srinivasan
Partner
Membership No. 514998



Place : Mumbai
Date : 25th April 2023

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

L Ravi Sankar

L Ravi Sankar
Director
DIN: 00185931

Jigar Shah

Chief financial officer
M. No. 143856



Padmaja Chunduru

Padmaja Chunduru
Director
DIN: 08058663

Bala Santosh Parthasarthy

Bala Santosh
Parthasarthy
Company Secretary
M No - A49602

Abhijit Kamalapurkar

Abhijit Kamalapurkar
MD & CEO
DIN:08849177