

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

We have audited the accompanying financial statements of **Paytm Payments Bank Limited** (the "Bank"), which comprise the Balance Sheet as at 31st March 2025, Profit and Loss Account, the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at 31st March, 2025, its losses, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs"), as 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 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 audit opinion on the financial statements.

Material Uncertainty Related to Going Concern

We draw attention to schedule 21 of the financial statements, which describes the material uncertainties arising from the regulatory restrictions imposed by the Reserve Bank of India (the "RBI") on the Bank's operations, including directions to cease onboarding of new customers and to suspend banking activities such as credit transactions, while allowing withdrawal or utilisation of existing balances by customers.

As stated in the said schedule, these restrictions have remained in force throughout the financial year ended 31st March 2025, and there has been no formal relaxation or withdrawal of such directions by the RBI as at the date of approval of the financial statements. The Bank's ability to resume normal operations remains dependent on future regulatory directions. These events or conditions, along with other matters as set forth in the said schedule, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern.

However, based on the management's assessment and actions taken as explained in the said schedule, the financial statements have been prepared on a going concern basis.

Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the graphical representation of financial highlights, annual report and Director's report (collectively called as "Other Information") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we 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 other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities relating to Other Information'. The Director's Report is expected to be made available to us after the date of this audit report. Accordingly, we have nothing to report in this regard as on the date of this audit report.

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

The Bank's Management and 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 Accounting Standards specified under section 133 of the Act and the provisions of the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ("the RBI") from time to time ("the RBI Guidelines") as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and the RBI guidelines 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Other Matter

The financial statements for the year ended 31st March 2024 were audited by the predecessor auditors, M/s. J. C. Bhalla & Co., who expressed an adverse opinion in their report dated 21st September 2024 that the financial statements should have been prepared on other than on a going concern basis. The Board of directors of the bank disagreed with the auditors' adverse opinion and gave responses to the auditor's observation in the director's report for the financial year-2023-24 as required by sub clause (i) of clause (f) of the sub-section (3) of Section 134 of the Act.

While performing the audit for the year ended 31st March 2025, we considered the relevant facts and circumstances as at the balance sheet date, disclosures made and the actions taken by the Bank subsequent to 31st March 2024 as stated in the Schedule 21. Based on our audit procedures and professional judgment, we consider that the going concern basis of accounting is appropriate for the current year. However, a material uncertainty exists with respect to the Bank's ability to continue as a going concern, which is disclosed in the 'Material Uncertainty Related to Going Concern' section of our report.

We do not express any view on the opinion given by the predecessor auditors, as it involves matter of professional judgment in the context of facts and circumstances prevailing at that point of time.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of the section 29 of the Banking Regulation Act, 1949 read with section 133 of the Act and relevant rules made thereunder.
2. As required by Sub-Section (3) of Section 30 of the Banking Regulation Act, 1949, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
 - b. The transactions of the Bank, which have come to our notice during the course of audit, have been within the powers of the Bank;
 - c. According to information and explanation given to us, the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein;
3. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rules made thereunder, to the extent they are not inconsistent with the guidelines prescribed by RBI;
 - e. On the basis of the written representations received from the Directors as on 31st March 2025 taken on record by the Board of Directors, none of the Directors are disqualified as on 31st March 2025, from being appointed as a Director in terms of Section 164 (2) of the Act;
 - f. 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" to this report;



- g. In our opinion and to the best of our information and according to the explanations given to us, the provisions of Section 197 of the Act are not applicable to the Bank by virtue of Section 35B(2A) of the Banking Regulation Act, 1949. Accordingly, the reporting under Section 197(16) of the Act is not applicable;
- h. With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements (refer schedule 12 of the financial statements);
 - ii. The Bank has made provisions as at 31st March 2025, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Bank does not have any derivative contracts as at 31st March 2025;
 - iii. The Bank is not liable to transfer any amount to be transferred to the Investor Education and Protection Fund;
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, 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;
(b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons/ entities, including foreign entities, 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
(c) Based on the audit procedures that 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 (a) and (b) may contain any material misstatement;
 - v. The Bank has neither declared nor paid any dividend during the year;
 - vi. Based on our examination, which included test checks, the Bank has used accounting software(s) for maintaining its books of account for the financial year ended 31st March 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s) except for database level logs for enablement/ disablement/ modification of the audit trail feature. The said feature was implemented on 7th April 2025. Although the logs which were not created on the "Wallet" database, the same were available in an Privilege Access Management tool, through which the users logs into the application. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the Bank as per the statutory requirements for record retention.
4. The Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India under Section 143(11) of the Act, is not applicable to Banking Companies. Accordingly, reporting under CARO 2020 is not required for the Bank.

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



(Ajay Gupta)
Partner

Membership No. 090104
ICAI UDIN : 25090104BMILFA9263

Place : Noida, UP
Date : 28th June 2025



Annexure A to the Independent Auditor's Report of Even Date on the Financial Statements of Paytm Payments Bank Limited

(Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of sub section 3 of Section 143 of Act

We have audited the internal financial controls with reference to financial statements of the Bank as of 31st March, 2025 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibilities for Internal Financial Controls with reference to Financial Statements

The Bank's management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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 with reference to Financial Statements (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "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, the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

Auditors' Responsibilities for Internal Financial Controls with reference to Financial Statements

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 authorizations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to Financial Statements

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 31st March 2025, 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 issued by the ICAI.

Other Matter

The internal financial controls with reference to financial statements as at 31st March 2024 were audited by the predecessor auditors, who expressed an adverse opinion vide report dated 21st September 2024, stating that the Bank's internal controls over financial reporting with respect to financial statements closure process in terms of assessing the Bank's ability to continue as a going concern were not designed, implemented and not operating effectively, which is likely to result in material misstatements in the recognition, measurement, presentation and disclosure of the assets and liabilities in the financial statements having a consequential impact on the income, expenditure and the results of operations of the Bank. The Board of directors of the bank disagreed with the auditors' adverse opinion on the internal financial controls with reference to financial statements and gave responses in the director's report for the financial year-2023-24 as required by sub clause (i) of clause (f) of the sub-section (3) of Section 134 of the Act.

We have carried out an independent assessment of the design and operating effectiveness of internal financial controls with reference to financial statements as at 31st March 2025. Based on procedures performed and evidence obtained during the course of our audit, and after considering the actions taken by the management to strengthen governance and compliance processes, we have not identified any material weakness in internal financial controls that would require a qualification in our report for the year ended 31st March 2025.

We do not express any view on the opinion given by the predecessor auditors, as it involves matter of professional judgment in the context of facts and circumstances prevailing at that point of time.

Our opinion is not modified in respect of this matter.

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



(Ajay Gupta)
Partner

Membership No. 090104
ICAI UDIN : 25090104BMILFA9263

Place : Noida, UP
Date : 28th June 2025



Balance Sheet as at March 31, 2025

(Rs. in '000)			
Particulars	Schedule	As at 31-Mar-2025	As at 31-Mar-2024
CAPITAL & LIABILITIES			
Capital	1	40,00,000	40,00,000
Reserves & surplus	2	(16,87,614)	(8,82,128)
Deposits	3	42,85,292	58,85,579
Borrowings	4	-	-
Other liabilities & provisions	5	1,25,90,601	1,96,56,468
Total		1,91,88,279	2,86,59,919
ASSETS			
Cash and balances with Reserve Bank of India	6	18,39,606	1,24,71,317
Balances with banks and money at call and short notice	7	47,33,756	21,67,861
Investments	8	1,22,62,715	1,07,57,763
Advances	9	-	-
Fixed assets	10	7	7
Other assets	11	3,52,195	32,62,971
Total		1,91,88,279	2,86,59,919
Contingent liabilities	12	1,25,844	6,32,663
Significant accounting policies	17		
Schedules to financial statements	18-32		

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

This is the Balance Sheet referred to in our report of even date

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

Ajay Gupta

Ajay Gupta
(Partner)

Membership No. 090104

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

S. Srinivasan

Srinivasan Sridhar
(Part-time Chairman &
Independent Director)
DIN : 00004272

Arun Kumar Bansal

Arun Kumar Bansal
(Managing Director & CEO)
DIN : 08425582

Ashish K Paanday

Ashish K Paanday
(Company Secretary)
ACS - 23155

Ramabhadran Ramanujam

Ramabhadran Ramanujam
(Independent Director)

DIN : 07060244

Nipun Bhatia

Nipun Bhatia
(Chief Financial Officer)

Place : Noida, U.P.
Date : 28th June 2025



Profit & Loss Account for the year ended March 31, 2025

(Rs. in '000, except per share data)

Particulars	Schedule	Year ended 31-Mar-25	Year ended 31-Mar-24
I. INCOME			
Interest earned	13	12,37,115	49,33,856
Other income	14	10,96,006	2,02,87,630
Total		23,33,121	2,52,21,487
II. EXPENDITURE			
Interest expended	15	84,027	6,06,611
Operating expenses	16	31,47,128	2,38,26,995
Provisions and contingencies		48,334	23,49,498
Total		32,79,489	2,67,83,104
III. PROFIT			
Net Profit/(Loss) for the year		(9,46,368)	(15,61,618)
Profit / (Loss) brought forward		(11,83,088)	3,81,033
Total		(21,29,456)	(11,80,585)
IV. APPROPRIATIONS			
Transfer to statutory reserves		-	-
Transfer to other reserves		-	-
Transfer to Investment Fluctuation Reserve		-	2,504
Transfer to government / proposed dividend		-	-
Balance carried over to balance sheet		(21,29,456)	(11,83,088)
Total		(21,29,456)	(11,80,585)
V. EARNINGS PER EQUITY SHARE (Face value Rs. 10 per share)			
Basic		(2.37)	(3.90)
Diluted		(2.37)	(3.90)

Significant accounting policies
Schedules to financial statements

17
18-32

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

This is the Profit and Loss Account referred to in our report of even date.

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

Ajay Gupta

Ajay Gupta
(Partner)

Membership No. 090104

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

S. Sridhar

Srinivasan Sridhar
(Part-time Chairman &
Independent Director)
DIN : 00004272

Ramabhadran Ramanujam

Ramabhadran Ramanujam
(Independent Director)

DIN : 07060244

Arun Kumar Bansal

Arun Kumar Bansal
(Managing Director & CEO)
DIN : 08425582

Nipun Bhatia

Nipun Bhatia
(Chief Financial Officer)

Ashish K Paanday

Ashish K Paanday
(Company Secretary)
ACS - 23155

Place : Noida, U.P.
Date : 28th June 2025



Cash Flow Statement for the year ended March 31, 2025

	(Rs. in '000)	
	Year ended 31-Mar-2025	Year ended 31-Mar-2024
A. Cash flow from operating activities		
Loss before tax	(9,09,608)	(11,59,744)
Adjustments for:		
Add : Depreciation on bank's property	3,35,553	3,27,413
Add/Less: (Profit)/ Loss on sale / discard of fixed assets (net)	(7,719)	(278)
Add/Less: (Profit) / loss on sale of investments (net)	(12)	36,236
Add/Less: Provision for impairment of fixed assets charged/(reversal)	(2,85,187)	6,75,792
Add: Provision for impairment of other assets charged	1,68,663	12,25,388
Add: Provisions for doubtful debts charged	1,26,872	13,166
Add: Provision for operational losses (net)	1,225	33,278
Operating profit before working capital changes	(5,70,213)	11,51,251
Movements in working capital:		
Increase/(Decrease) in deposits	(16,00,287)	(2,69,67,101)
(Increase)/Decrease in other assets	25,45,810	1,39,90,800
(Increase)/Decrease in investments	(13,64,059)	3,60,79,410
Increase/(Decrease) in other liabilities and provisions	(71,05,451)	(4,10,20,811)
Cash generated from operations	(80,94,200)	(1,67,66,451)
Direct taxes refund received (net of payment)	31,446	5,34,424
Net cash from operating activities (A)	(80,62,754)	(1,62,32,027)
B. Cash flow from investing activities		
Purchase of fixed assets	(12,408)	(5,93,685)
Proceeds from sale of assets	9,346	19,701
Net cash used in investing activities (B)	(3,062)	(5,73,984)
C. Cash flow from financing activities		
Net cash from financing activities (C)	-	-
Net increase in cash and cash equivalents (A+B+C)	(80,65,816)	(1,68,06,011)
Cash and cash equivalents at the beginning of the year	1,46,39,178	3,14,45,189
Cash and cash equivalents at the end of the year	65,73,362	1,46,39,178

Notes:

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

Particulars	31-Mar-25	31-Mar-24
Cash and Balances with Reserve Bank of India (Schedule 6)	18,39,606	1,24,71,317
Balances with Banks and Money at Call and Short Notice (Schedule 7)	47,33,756	21,67,861
Total	65,73,362	1,46,39,178

This is the Cash Flow Statement referred to in our report of even date

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

Ajay Gupta

Ajay Gupta
(Partner)

Membership No. 090104

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

S. Srinivasan

Srinivasan Sridhar
(Part-time Chairman &
Independent Director)
DIN : 00004272

Arun Kumar Bansal

Arun Kumar Bansal
(Managing Director & CEO)
DIN : 08425582

Asish K Paanday

Asish K Paanday
(Company Secretary)
ACS - 23155

Ramabhadran Ramanujam

Ramabhadran Ramanujam
(Independent Director)

DIN : 07060244

Nipun Bhatia

Nipun Bhatia
(Chief Financial Officer)

Place : Noida, U.P.
Date : 28th June 2025



Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 1 - Capital		
Authorised Capital		
400,000,000 (previous year : 400,000,000) equity share of Rs. 10 each	40,00,000	40,00,000
Issued, subscribed and paid-up capital		
400,000,000 (previous year : 400,000,000) equity shares of Rs. 10 each	40,00,000	40,00,000
Total	40,00,000	40,00,000

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 2 - Reserves and Surplus		
I. Statutory Reserves		
Opening balance	2,98,457	2,98,457
Additions during the year	-	-
Deductions during the year	-	-
Sub total (A)	2,98,457	2,98,457
II. Capital Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (B)	-	-
III. Share Premium		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (C)	-	-
IV. Revenue and Other Reserves		
Opening balance	-	-
Additions during the year	-	-
Deductions during the year	-	-
Sub total (D)	-	-
V. Investment Fluctuation Reserves		
Opening balance	2,504	-
Additions during the year	-	2,504
Deductions during the year	-	-
Sub total (E)	2,504	2,504
VI. AFS Reserves		
Opening balance	-	-
Additions during the year	1,40,881	-
Deductions during the year	-	-
Sub total (F)	1,40,881	-
VII. Balance in Profit & Loss Account	(21,29,456)	(11,83,088)
Sub total (G)	(21,29,456)	(11,83,088)
Total (A+B+C+D+E+F+G)	(16,87,614)	(8,82,128)



Paytm Payments Bank Limited

CIN : U65999DL2016PLC304713

Schedules forming part of the financial statements for the year ended March 31, 2025

Particulars	(Rs. in '000)	
	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 3 - Deposits		
A. I. Demand Deposits		
(i) From banks	-	-
(ii) From others	2,45,822	3,66,872
Sub total (A)	2,45,822	3,66,872
II. Savings bank deposits	40,39,470	55,18,707
III. Term Deposits		
(i) From banks	-	-
(ii) From others	-	-
Sub total (I, II, III)	42,85,292	58,85,579
B. (i) Deposits of branches in India	42,85,292	58,85,579
(ii) Deposits of branches outside India	-	-
Sub total (B)	42,85,292	58,85,579
Total	42,85,292	58,85,579

Particulars	(Rs. in '000)	
	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 4 - Borrowings		
I. Borrowing in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other institutions and agencies	-	-
Sub total (A)	-	-
II. Borrowings outside India	-	-
Sub total (B)	-	-
Total (A+B)	-	-

Particulars	(Rs. in '000)	
	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 5 - Other liabilities and provisions		
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interests accrued	-	-
IV. Others (including provisions)*	1,25,90,601	1,96,56,468
Total	1,25,90,601	1,96,56,468

* includes balances in semi-closed wallets

99,84,333 1,22,26,573



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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 6 - Cash and balances with Reserve Bank of India		
I. Cash in hand	178	1,738
II. Balance with Reserve Bank of India		
(i) in current account	7,49,428	34,69,579
(ii) in other accounts	10,90,000	90,00,000
Total	18,39,606	1,24,71,317

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 7 - Balances with banks and money at call & short notice		
I. In India		
(i) Balances with banks:		
(a) in current accounts	46,309	13,53,600
(b) in other deposit accounts	46,87,447	8,14,261
Sub total (A)	47,33,756	21,67,861
(ii) Money at call and short notices		
(a) with banks	-	-
(b) with other institutions	-	-
Sub total (B)	-	-
Total (A+B) (I)	47,33,756	21,67,861
II. Outside India		
(a) in current accounts	-	-
(b) in other deposit accounts	-	-
(c) Money at call and short notices	-	-
Total (II)	-	-
Total (I+II)	47,33,756	21,67,861



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 8 - Investments		
I. Investments in India (net of provisions) in :		
(i) Government securities	1,19,94,866	1,06,30,795
(ii) Other approved securities	-	-
(iii) Shares	2,67,849	1,26,968
(iv) Debentures and bonds	-	-
(v) Subsidiaries and / or joint ventures	-	-
(vi) Others	-	-
Less: Impairment provision for the year	-	-
Sub total (A)	1,22,62,715	1,07,57,763
II. Investments outside India (net of provisions) in :		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and / or joint ventures abroad	-	-
(iii) Other investments	-	-
Sub total (B)	-	-
Total (A+B)	1,22,62,715	1,07,57,763
Provision for Depreciation on Performing Investments	-	-
Provision for Depreciation on Non- Performing Investments	-	-
Total	1,22,62,715	1,07,57,763

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 9 - Advances		
A. (i) Bills Purchased and Discounted		
(ii) Cash credits, overdrafts and loans repayable on demand	-	-
(iii) Term loans	-	-
Sub total (A)	-	-
B. (i) Secured by tangible assets (including advances against book debt)		
(ii) Covered by Bank / Government guarantees	-	-
(iii) Unsecured	-	-
Sub total (B)	-	-
C. (I) Advances in India		
(i) Priority sectors (including export finance)	-	-
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	-	-
Sub total (C)	-	-
D. (II) Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicate loans	-	-
(c) Others	-	-
Sub total (D)	-	-
Total (C+D)	-	-



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 10 - Fixed assets		
I. Premises (including land)		
Gross block		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Total (A)	-	-
Depreciation		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
Total (B)	-	-
Net block (A-B) (I)	-	-
II. Other fixed assets (including furniture and fixtures)		
Gross block		
At cost on 31 March of the preceding year	18,18,562	16,31,843
Additions during the year	81,698	2,16,938
Deductions during the year	(68,048)	(30,219)
Total (A)	18,32,212	18,18,562
Depreciation		
As at 31 March of the preceding year	14,78,926	12,49,138
Charge for the year	2,19,330	2,79,987
On deductions during the year	(66,421)	(50,199)
Total (B)	16,31,835	14,78,926
Impairment provision		
As at 31 March of the preceding year	3,39,629	-
Additions during the year	13,650	3,39,629
Reversal during the year	(1,52,909)	-
Total (C)	2,00,370	3,39,629
Net block (A-B-C) (II)	7	7
III. Intangible assets		
Gross block		
At cost on 31 March of the preceding year	18,64,754	16,12,118.51
Additions during the year	60,173	2,52,635.26
Deductions during the year	-	-
Total (A)	19,24,927	18,64,753.77
Amortisation		
As at 31 March of the preceding year	16,24,343	15,76,916.37
Charge for the year	1,16,223	47,426.87
On deductions during the year	-	-
Total (B)	17,40,566	16,24,343.24
Impairment provision		
As at 31 March of the preceding year	2,40,411	-
Additions during the year	60,173	2,40,410.56
Reversal during the year	(1,16,223)	-
Total (C)	1,84,361	2,40,410.56
Net block (A-B-C) (III)	-	-



Paytm Payments Bank Limited

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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 10 - Fixed assets (Continued)		
IV. Assets on lease		
Gross block		
At cost on 31 March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Total (A)	-	-
Depreciation		
As at 31 March of the preceding year	-	-
Charge for the year	-	-
On deductions during the year	-	-
Total (B)	-	-
Net block (A-B) (IV)	-	-
V. Capital- work-in progress	5,873	95,752
Less: Impairment provision	(5,873)	(95,752)
Total (V)	-	-
Total (I+II+III+IV+V)	7	7

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 11 - Other assets		
I. Inter-office adjustment (net)	-	-
II. Interest accrued	1,72,107	58,560
III. Tax paid in advance / tax deducted at source *	42,928	2,63,802
IV. Stationery and stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others	15,31,211	41,65,997
Less: Impairment provision at the year end	(13,94,051)	(12,25,388)
Total	3,52,195	32,62,971
* Net of provision of tax	2,51,448	2,21,185

Particulars	As at 31-Mar-2025	As at 31-Mar-2024
Schedule 12 - Contingent liabilities		
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents		
(a) In India	-	-
(b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable (Refer Note below)	1,25,844	6,32,663
Total	1,25,844	6,32,663

VI. Other items for which the bank is contingently liable

Legal Cases	44,105	42,759
Capital Commitment	5,569	60,618
Bank Guarantee	28,029	5,24,762
Depositor Education and Awareness Fund (DEAF)	48,141	4,524
	1,25,844	6,32,663



Paytm Payments Bank Limited
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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
Schedule 13 - Interest earned		
I. Interest/discount on advance/bills	-	-
II. Income on investments	7,43,895	30,92,823
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,93,589	9,10,930
IV. Others	1,99,631	9,30,103
Total	12,37,115	49,33,856

Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
Schedule 14 - Other income		
I. Commission, exchange and brokerage *	2,65,417	2,02,34,390
II. Profit / (loss) on sale of investments (net)	12	(36,236)
III. Profit / (loss) on revaluation of investments (net)	-	-
IV. Profit / (loss) on sale of land, buildings and other assets (net)	7,719	278
V. Profit / (loss) on exchange transactions (net)	(2,283)	(1)
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous Income**	8,25,141	89,199
Total	10,96,006	2,02,87,630

* includes income earned from Debit Card / Wallet utilisation

1,67,293

6,27,237

** Refer schedule 30

Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
Schedule 15 - Interest expended		
I. Interest on deposits	84,027	6,06,593
II. Interest on Reserve Bank of India / Inter-bank borrowings	-	-
III. Others	-	18
Total	84,027	6,06,611



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Schedules forming part of the financial statements for the year ended March 31, 2025

(Rs. in '000)

	Year ended 31-Mar-25	Year ended 31-Mar-24
Schedule 16 - Operating expenses		
I. Payments to and provisions for employees	14,09,515	46,31,700
II. Rent, taxes and lighting	25,087	26,054
III. Printing and stationery	518	416
IV. Advertisement and publicity	-	12,71,263
V. Depreciation on Bank's property	3,35,553	3,27,413
VI. Directors' fees, allowances and expenses	20,265	15,815
VII. Auditors' fees and expenses (refer note 1 below)	4,789	5,500
VIII. Law charges	27,564	10,377
IX. Postages, Telegrams, Telephones, etc.	2,283	528
X. Repairs and maintenance	2,23,085	2,98,029
XI. Insurance	41,185	76,079
XII. Other expenditure (refer note 2 below)	10,57,284	1,71,63,821
Total	31,47,128	2,38,26,995

Notes:

Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
1. Auditors' fees and expenses		
Audit Fees and Certification Fees	4,589	4,660
Tax Audit Fees	200	840
Total	4,789	5,500

2. Other expenditure includes payment gateway charges - 5,71,223

Particulars	Year ended 31-Mar-25	Year ended 31-Mar-24
Provisions and contingencies		
I. Provision for income tax (including for earlier years)	36,760	2,16,128
II. Deferred tax expenses	-	1,85,746
III. Provisions for depreciation on investment	-	-
IV. Provisions for doubtful debts	1,26,872	13,166
V. Provision for operational losses (net)*	(1,15,298)	19,34,458
Total	48,334	23,49,498

* Includes provision for impairment losses / (reversal)

(1,16,523) 19,01,180



17. Significant Accounting Policies:**17.1. Corporate Information**

Paytm Payments Bank Limited ("Bank") was incorporated on August 22, 2016. The Bank received Payments Bank license as required under Section 22(1) of the Banking Regulation Act, 1949 on January 3, 2017. The Bank commenced its operations from May 23, 2017. The Bank is engaged in the business of accepting demand deposits in the form of current and saving bank deposits, providing payment and remittance services through Automated Teller Machines (ATMs), Business Correspondent (BCs), semi-closed wallet, Mobile Banking and such other manner available. The Bank was also engaged in acceptance of remittances and payments from multiple banks under payment mechanisms such as NEFT/RTGS/IMPS/UPI or any other permitted payment mechanism under the law. (Refer Schedule 21 for restrictions placed by the RBI on the operation of the Bank).

17.2. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting and are in accordance with the generally accepted accounting principles ('GAAP') in India and statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI'), Accounting Standards ('AS') prescribed under section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standards) Rules 2021 and the relevant provisions of the Companies Act 2013 to the extent applicable and current practices prevailing within the banking industry in India. The Management has prepared these financial statements as per the 'Going Concern' principle as detailed in Schedule 21.

17.3. Summary of significant accounting policies**(a) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

(b) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation

Depreciation is provided on a straight-line basis and charged to Profit & Loss account as per the useful life under schedule II to the Companies Act, 2013.

Further in case of "Computers", the estimated useful life is as per the circular no. DBOD.No.BP.BC.37/21.04.018/2000, dated October 20, 2000 issued by the RBI. The estimated useful life is mentioned below:

Assets	Estimated useful life
Computers (including servers and networking equipment)	3 years
Office equipment	5 years
Furniture and fittings	10 years
Vehicles	8 years

Leasehold improvements are depreciated over lower of the period of the lease and useful life.



(d) Intangible assets

Separately acquired intangible assets, such as software are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank are recognized as intangible assets where the following criteria are met:

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

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Profit & Loss account in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are carried at cost and are amortised on a straight line basis over their estimated useful lives and charged to Profit & Loss account. Software and licenses acquired are amortized over a period of 3 years on a straight line basis.

The amortization period and the amortization method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in Profit & Loss account, unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit & Loss when the asset is derecognized.

(e) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, tangible assets / intangibles are depreciated / amortised on the revised carrying amount over its remaining useful life.

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

(f) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Bank as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Bank is classified as a finance lease. All other leases are classified as operating leases.



(g) Investments

Classification:

In accordance with the revised regulatory guidelines issued by the Reserve Bank of India on 12th September 2023, on investment classification and valuation vide "Master Directions – Classification, Valuation and Operations of Investment Portfolio of Commercial Banks (Directions), 2023" applicable from 01st April, 2024, the Bank's investment portfolio has been classified into 'Held to Maturity' ("HTM"), 'Available for Sale' ("AFS") and Fair Value 'through Profit and Loss' ("FVTPL"). Held for Trading ("HFT") is a separate investment sub-category within FVTPL. The category of the investment shall be decided by the Bank before or at the time of acquisition and this decision shall be properly documented.

Investments are further classified under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others (to be specified).

The investments outside India are further classified as (a) Government Securities (b) Subsidiaries and/or Joint Ventures (including Associates) (c) Other Investments

Basis of Classification

HTM

As per Operating Guidelines issued by the RBI for Payments Banks ("PBs"), PBs are not allowed to classify their investment as HTM category, unless the investments are made from Bank's own fund. Securities that fulfil the following conditions are classified under HTM:

- i. The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and
- ii. The contractual terms of the security give rise to cash flows that are "Solely Payments of Principal and Interest on principal outstanding ('SPPI criterion') on specified dates.

AFS

Securities that fulfil the following conditions are classified under AFS:

- i. The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and
- ii. The contractual terms of the security meet the 'SPPI criterion' as mentioned above.

Provided that on initial recognition, a bank may make an irrevocable election to classify an equity instrument that is not held with the objective of trading under AFS.

AFS securities shall inter-alia include debt securities held for asset liability management (ALM) purposes that meet the SPPI criterion where the bank's intent is flexible with respect to holding to maturity or selling before maturity.

FVTPL

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

- i. Equity shares, other than (a) equity shares of subsidiaries, associates or joint ventures and (b) equity shares where, at initial recognition, the irrevocable option to classify at AFS has been exercised.
- ii. Investments in Mutual Funds, Alternative Investment Funds, Real Estate Investment Trusts, Infrastructure Investment Trusts, etc.
- iii. Investment in Securitization Notes which represent the equity tranche of a securitisation transaction. Investments in senior and other subordinate tranches shall need to be reviewed for their compliance with SPPI criterion.
- iv. Bonds, debentures, etc. where the payment is linked to the movement in a particular index such as an equity index rather than an interest rate benchmark.
- v. Any instrument that is held for one or more of the following purposes is designated as a Held For Trading (HFT) instrument;
 - a. A short-term resale;
 - b. Profiting from short term price movements;
 - c. Locking in arbitrage profits; or
 - d. Hedging risks that arise from instruments meeting (a),(b) or (c) above.



HFT

The Bank has a separate sub-category called HFT within FVTPL. The Bank shall only include those financial instruments in HFT when there is no legal impediment against selling or fully hedging it. The Bank shall fair value all HFT instruments and recognise any valuation change in the profit and loss account.

Initial Recognition of Investment

The transaction in all securities are measured at fair value on initial recognition with the presumption that acquisition cost is the fair value. This presumption is tested for transaction with related parties, transaction taking place duress, transaction outside principal market and any other situation where and circumstances warrant testing of presumption.

Fair value measurements are categorised into following 3 fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable,

- i. "Level 1" – wherein inputs used for valuation of a financial instrument are quoted prices (unadjusted) in active markets for identical instruments that the bank can access at the measurement date;
- ii. "Level 2" – wherein inputs used for valuation of a financial instrument are inputs other than the quoted prices that are observable for the asset or liability, either directly or indirectly (such as yield curve, credit spread etc.);
- iii. "Level 3" in the context of inputs used for valuation of a financial instrument are unobservable inputs

Recognition of Day 1 Gain/Loss:

- i. If Level 1 or 2 instruments reflect a day 1 gain or loss, it is recognized immediately in Profit and Loss under Other Income (Schedule 14).
- ii. If a Level 3 instrument shows a day 1 loss, it is recognized immediately in Profit and Loss.
- iii. If a Level 3 instrument shows a day 1 gain, the amount is deferred. For debt instruments, the gain is amortized on a straight-line basis up to maturity or the earliest call date. For unquoted equity instruments, the gain is kept in a separate liability until the security is listed or derecognized.

Equity Shares-

Equity shares for which current quotations are not available i.e., which are classified as illiquid or which are not listed on a recognised exchange the fair value for the purposes of these directions shall be the break-up value (without considering "revaluation reserves", if any) which is to be ascertained from the company's latest audited balance sheet. The date as on which the latest balance sheet is drawn out shall not precede the date of valuation by more than 18 months. In case the latest audited balance sheet is not available or is more than 18 months old, the shares shall be valued at Re. 1 per Company.

Securities-

Treasury bills, are held at carrying cost i.e. the acquisition cost adjusted for the discount accrued at the rate prevailing at the time of acquisition. Government Securities are valued at cost at which they have been issued by the RBI.

Subsequent Measurement of Investments

- i. Held To Maturity (HTM): Securities classified under HTM are carried at amortized cost and not marked to market after initial recognition.
- ii. Available For Sale (AFS): The securities held under AFS are fair valued at least on a quarterly basis, if not more frequently. The valuation gains and losses held under AFS (across all performing investments, irrespective of their classification) are aggregated and the net appreciation or depreciation is directly credited or debited to a reserve named 'AFS Reserve' without routing through the Profit & Loss Account.

Treasury Bills being discounted instruments are valued at carrying cost.

Government Securities are valued at cost at which they have been issued by the RBI. The broken period interest paid to seller as part cost is not capitalized and the same has been charged to Profit & Loss account in respect of investment in Government and other approved securities.
- iii. Held For Trading (HFT): HFT is a subcategory under FVTPL, which are marked to market on a daily basis, reflecting all fluctuations directly in Profit and Loss.
- iv. Other FVTPL instruments are marked to market at end of every quarter, with the resulting gains or losses routed directly to Profit and Loss.



Valuation in the Event of Inter-Category Transfers:

The transfer of instruments between categories (i.e., from HTM, AFS, FVTPL) is permitted only with approval of the Board and RBI, and must be applied prospectively from the date of transfer.

The transfer is recognized and accounted for in conformity with RBI guidelines in force at the time of transfer.

Investment Fluctuation Reserve

In terms of RBI Circular RBI/2017 – 18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, as replaced by RBI Master Direction dated September 12, 2023 Investment Fluctuation Reserve is created basis lower of (a) net profit on sale of investments (Available For Sale) during the year and (b) net profit for the year less mandatory appropriations.

(h) Share-based payments

Employees of the Bank are granted share based compensation benefits via a share based payments plan (ESOP Schemes) run by Paytm Associate Benefit Welfare Trust.

However, these arrangements with One 97 Communications Limited was terminated vide letter dated 29th February, 2024 effective from 31st March, 2024.

(i) Revenue recognition

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

(i) Interest Income

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

(ii) Commission Income

Commission income is recognised on an accrual basis and to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is being made.

(iii) Preferred partner fees

Income received from Business Correspondents (BC's) as preferred partner fees will be recognised over a period of 2 years.

(iv) Debit Card

The annual/renewal fee for debit cards are recognized on proportionate time period basis during the year.

(v) UPI Incentive Income

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

(vi) Specific Project Income

Revenue is recognized once the milestone is complete and confirmed by the party and there is no uncertainty regarding its collection.



(j) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Bank at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(k) Retirement and other employee benefits

Provident Fund and Employee State Insurance Scheme (Defined Contribution Scheme) - Retirement benefits mainly in the form of provident fund and employee state Insurance schemes are a defined contribution scheme and the contributions are charged to the Profit & Loss account of the year when the contributions to the respective funds are due. There are no other obligations of the Bank, other than the contribution to the Fund.

Gratuity (Defined Benefit Scheme) - Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation based on projected unit credit method made at end of each financial year.

Compensated Absences - Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/losses are immediately taken to Profit & Loss account and are not deferred.

(l) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized.

Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.



(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(n) Cash and cash equivalents

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

(o) Accounting for provisions, contingent liabilities and contingent assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when the Bank has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimates of amounts required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates. In case the possibility is remote, neither provision nor disclosure is made in the financial statements. The Bank does not recognize or disclose contingent assets. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

(p) Advances to Employees

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

(q) Deposits

As per the Operating guidelines Payments Bank can accept only savings and current deposits. The aggregate limit per customer has been extended to Rs. 2,00,000 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 (including pre-paid instruments balances) and not to any security / earnest money deposit the Bank may collect from any of its service providers in the ordinary course of business.

(r) Provision for bad and doubtful debts

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

(s) Provision on Internal Account Balances

The Bank has framed a policy on Internal Accounts in line with the guidelines on managing Internal Accounts created by Banks as laid down by the Reserve Bank of India vide their circular reference DBS.CO.PPPD./472/11.01.005/ 2019-20 dated July 17, 2019.

As per the prudential norms issued by the RBI primary responsibility for making adequate provisions for any diminution in the value of recoverable is that of the bank management.

Further, the Bank has a policy of creating a provision of 100% on all internal accounts balances aged more than 90 days.

(t) Segment Information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per the guidelines issued by RBI dated August 30, 2021 vide Master Direction No. DOR.ACC.REC. No.45/21.04.018/2021-22.



Paytm Payments Bank Limited

CIN: U65999DL2016PLC304713

Schedules forming part of the audited financial statements for the year ended March 31, 2025

18.1. Regulatory Capital**a) Composition of Regulatory Capital**

(Amount in Rs. '000)

S No	Particulars	31.03.2025	31.03.2024
i)	Common Equity Tier 1 capital (CET 1)	23,09,882	31,15,368
ii)	Additional Tier 1 capital	Nil	Nil
iii)	Tier 1 capital (i + ii)	23,09,882	31,15,368
iv)	Tier 2 capital	2,504	2,504
v)	Total capital (Tier 1+Tier 2)	23,12,386	31,17,872
vi)	Total Risk Weighted Assets (RWAs)	15,22,532	25,43,291
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	151.71%	122.49 %
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	151.71%	122.49 %
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.16%	0.10%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs) *	151.88%	122.59 %
xi)	Leverage Ratio	12.01%	10.69 %
	Percentage of the shareholding of		
	a) Government of India	Nil	Nil
xii)	b) State Government	Nil	Nil
	c) Sponsor Bank	Nil	Nil
xiii)	Amount of paid-up equity capital raised during the year	Nil	Nil
xiv)	Amount of non-equity Tier 1 capital raised during the year	Nil	Nil
xv)	Amount of Tier 2 capital raised during the year	Nil	Nil

*CRAR without considering the impact of Overlay Impairment Provision (Refer Schedule 21) – 123.88% (PY: 112.93%)

b) Draw down from Reserves: No amount has been drawn from reserves during the FY 2024-25 and FY 2023-24.

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Paytm Payments Bank Limited

CIN: U65999DL2016PLC304713

Schedules forming part of the audited financial statements for the year ended March 31, 2025

18.2. Asset liability management

a) Maturity pattern of certain items of assets and liabilities:

(Amount in Rs. '000)

Particulars	Day 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	Over 2 Month & Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
i. For the FY 2024-25:												
Deposits	52,959	1,65,227	1,79,570	-	-	-	-	-	38,87,536	-	-	42,85,292
Other Deposits (Wallets)	40,936	1,36,785	1,55,756	-	-	-	-	96,50,856	-	-	-	99,84,333
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	9,94,752	-	76,34,457	33,65,657	-	-	2,67,849	1,22,62,715
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
ii. For the FY 2023-24:												
Deposits	71,253	2,27,803	2,47,736	-	-	-	-	-	53,38,787	-	-	58,85,579
Other Deposits (Wallets)	50,129	1,67,504	1,90,735	-	-	-	-	1,18,18,205	-	-	-	1,22,26,573
Advances	-	-	-	-	-	-	-	-	-	-	-	-
Investments	13,19,287	30,63,978	-	-	-	-	10,26,952	52,20,578	-	-	1,26,968	1,07,57,763
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- The classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
- The maturity pattern of wallet deposit under different time buckets is based on experience and estimates of the Bank which has been approved by the Asset and Liability Committee of the Bank.

b) Liquidity coverage ratio (LCR)

As per the Master Direction No.DOR.ACC.REC.No.46/21.04.018/2021-22, dated August 30, 2021, issued by RBI, the captioned disclosure is not applicable on the Bank.

c) Net Stable Funding ratio (NSFR)

As per the Master Direction No.DOR.ACC.REC.No.46/21.04.018/2021-22, dated August 30, 2021, issued by RBI, the captioned disclosure is not applicable on the Bank.



Paytm Payments Bank Limited

CIN: U65999DL2016PLC304713

Schedules forming part of the audited financial statements for the year ended March 31, 2025

18.3. Investments

a) Composition of Investment Portfolio

- As at 31.03.2025

(Amount in Rs. '000)

<u>Particulars</u>	<u>Investment in India</u>						<u>Investments outside India</u>				<u>Total Investments</u>
	<u>Government Securities</u>	<u>Other Approved Securities</u>	<u>Shares</u>	<u>Debentures and Bonds</u>	<u>Subsidiaries and / or joint ventures</u>	<u>Others</u>	<u>Government securities (including local authorities)</u>	<u>Subsidiaries and / or joint ventures</u>	<u>Others</u>	<u>Total Investments outside India</u>	
Held To Maturity											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Available For Sale											
Gross	1,19,94,866	-	2,67,849	-	-	-	-	-	-	-	1,22,62,715
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	1,19,94,866	-	2,67,849	-	-	-	-	-	-	-	1,22,62,715
Held For Trading											
Gross	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-
Total Investments	1,19,94,866	-	2,67,849	-	-	-	-	-	-	-	1,22,62,715
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-
Net	1,19,94,866	-	2,67,849	-	-	-	-	-	-	-	1,22,62,715

Note: Amount outstanding in FVTPL as on 31.03.2025 is Nil.



• As at 31.03.2024

(Amount in Rs. '000)

Particulars	Investment 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	1,06,30,795	-	1,26,968	-	-	-	1,07,57,763	-	-	-	-	1,07,57,763
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,06,30,795	-	1,26,968	-	-	-	1,07,57,763	-	-	-	-	1,07,57,763
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments												
Less: Provision for non-performing investments	1,06,30,795	-	1,26,968	-	-	-	1,07,57,763	-	-	-	-	1,07,57,763
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,06,30,795	-	1,26,968	-	-	-	1,07,57,763	-	-	-	-	1,07,57,763



b) Fair Value Hierarchy of investment portfolio measured at fair value on balance sheet

As per the Master Direction No. DOR.ACC.REC. No.46/21.04.018/2021-22, dated August 30, 2021, issued by the RBI, the disclosure requirement becomes effective from the financial year ending 31st March 2026, onwards.

c) Net gains/ (losses) on Level 3 financial instruments recognised in AFS-Reserve and Profit and Loss Account

As per the Master Direction No. DOR.ACC.REC. No.46/21.04.018/2021-22, dated August 30, 2021, issued by the RBI, the disclosure requirement becomes effective from the financial year ending 31st March 2026, onwards.

d) Details of sales made out of HTM

As per the Master Direction No. DOR.ACC.REC. No.46/21.04.018/2021-22, dated August 30, 2021, issued by the RBI, the disclosure requirement becomes effective from the financial year ending 31st March 2026, onwards.

e) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in Rs. '000)

Particulars	31.03.2025	31.03.2024
i) Movement of provisions held towards depreciation on investments	-	-
a) Opening Balance	-	-
b) Add: Provision made during the year	-	-
c) Less: Write off / write back of excess provisions during the year	-	-
d) Closing Balance	-	-
ii) Movement of Investment Fluctuation Reserve ("IFR")		
a) Opening Balance	2,504	-
b) Add: Amount transferred during the year	-	2,504
c) Less: Drawdown	-	-
d) Closing Balance	2,504	2,504
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	0.02%	0.02%

In FY 2023-24, the Bank has created IFR amounting to Rs. 2,504 ('000) on the basis of lower of (a) net profit on sale of investments during the year and (b) net profit for the year less mandatory appropriations. The above IFR was created for transactions done in previous years (FY 2019 to FY 2023).

f) Sale and transfers to/from HTM category/ Permanent category: The Bank has no securities classified under the HTM or permanent category during the FY 2024-25 and FY 2023-24.

g) Non-SLR investment portfolio

- Non-performing non-SLR investments

(Amount in Rs. '000)

S. No	Particulars	31.03.2025	31.03.2024
a)	Opening balance	-	-
b)	Additions during the year since 1 st April	-	-
c)	Reductions during the above period	-	-
d)	Closing balance	-	-
e)	Total provisions held	-	-



• Issuer composition of non-SLR investment

(Amount in Rs. '000)

S No	Issuer (2)	Amount (3)		Extent of Private Placement (4)		Extent of 'Below Investment Grade' Securities (5)		Extent of 'Unrated' Securities (6)		Extent of 'Unlisted' Securities (7)	
		CY*	PY*	CY*	PY*	CY*	PY*	CY*	PY*	CY*	PY*
a)	PSUs	-	-	-	-	-	-	-	-	-	-
b)	FIs	-	-	-	-	-	-	-	-	-	-
c)	Banks	-	-	-	-	-	-	-	-	-	-
d)	Private Corporates #	2,67,849	1,26,968	1,62,076	77,018	-	-	-	-	2,67,849	1,26,968
e)	Subsidiaries / Joint Ventures	-	-	-	-	-	-	-	-	-	-
f)	Others	-	-	-	-	-	-	-	-	-	-
g)	Provision held towards depreciation	-	-	-	-	-	-	-	-	-	-
	Total	2,67,849	1,26,968	1,62,076	77,018	-	-	-	-	2,67,849	1,26,968

* CY stands for 31.03.2025 and PY stands for 31.03.2024.

Investment in private corporates stands for investment in equity shares.



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h) Repo Transactions (in face value terms and market value terms):

(Amount in Rs. '000)

<u>Particulars</u>	<u>Minimum Outstanding during the year</u>		<u>Maximum Outstanding during the year</u>		<u>Daily average outstanding during the year</u>		<u>As on March 31, 2025</u>	
	FV	MV	FV	MV	FV	MV	FV	MV
<u>i) Securities sold under repo</u>								
a) Government securities	-	-	-	-	-	-	-	-
b) Corporate debt securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
<u>ii) Securities purchased under reverse repo</u>								
a) Government securities	-	-	-	-	-	-	-	-
b) Corporate debt securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-

(Amount in Rs. '000)

<u>Particulars</u>	<u>Minimum Outstanding during the year</u>		<u>Maximum Outstanding during the year</u>		<u>Daily average outstanding during the year</u>		<u>As on March 31, 2024</u>	
	FV	MV	FV	MV	FV	MV	FV	MV
<u>i) Securities sold under repo</u>								
a) Government securities	-	-	-	-	-	-	-	-
b) Corporate debt securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-
<u>ii) Securities purchased under reverse repo</u>								
a) Government securities	21,07,070	20,00,003	36,24,260	38,30,016	28,65,665	29,15,010	-	-
b) Corporate debt securities	-	-	-	-	-	-	-	-
c) Any other securities	-	-	-	-	-	-	-	-

Note: FV stands for face value and MV stands for market value**i) Government Security Lending (GSL) transactions** (in market value terms):

(Amount in Rs. '000)

<u>Particulars</u>	<u>Minimum outstanding during the year</u>	<u>Maximum outstanding during the year</u>	<u>Daily average outstanding during the year</u>	<u>Total volume of transactions during the year</u>	<u>Outstanding as on March 31, 2025</u>
Securities lent through GSL transactions	-	-	-	-	-
Securities borrowed through GSL transactions	-	-	-	-	-
Securities placed as collateral under GSL transactions	-	-	-	-	-
Securities received as collateral under GSL Transactions	-	-	-	-	-



(Amount in Rs. '000)

<u>Particulars</u>	<u>Minimum outstanding during the year</u>	<u>Maximum outstanding during the year</u>	<u>Daily average outstanding during the year</u>	<u>Total volume of transactions during the year</u>	<u>Outstanding as on March 31, 2024</u>
Securities lent through GSL transactions	-	-	-	-	-
Securities borrowed through GSL transactions	-	-	-	-	-
Securities placed as collateral under GSL transactions	-	-	-	-	-
Securities received as collateral under GSL Transactions	-	-	-	-	-

18.4. Asset quality

As per the Operating Guidelines for Payments Bank issued by RBI vide its circular No. RBI/2016-17/80 DBR.NBD. No.25/16.13.218/ 2016-17, dated October 06, 2016, a Payments Bank cannot lend to any person including their directors except their own employees from Bank's own funds. Accordingly, the Bank has not carried out any lending activities during the current year and previous year. Accordingly, some of the sections as mentioned in the Master direction No.DOR.ACC.REC. No.46/21.04.018/2021-22, dated August 30, 2021 are not applicable to Bank:

- a) **Classification of advances and provisions held:** Not Applicable
- b) **Sector-wise Advances and Gross NPAs:** Not Applicable
- c) **Overseas assets, NFAs and revenue:** Not Applicable
- d) **Particulars of resolution plan and restructuring:** Not Applicable
- e) **Divergence in asset classification and provisioning:** Not Applicable
- f) **Disclosure of transfer of loan exposures:** Not Applicable

g) Fraud accounts:

<u>Particulars</u>	<u>31.03.2025</u>	<u>31.03.2024</u>
Number of frauds reported	74	120
Amount involved in fraud (Rs. '000) (Net of Recovery)	684	43,059
Amount of provision made for such frauds (Rs. '000)	684	43,059
Amount of Unamortised provision debited from 'other reserves' as at the end of the year (Rs. '000)	Nil	Nil

FY 24-25 - There are 74 instances filed which involves bank liability and customer negligence, with 61 instances concerning Aadhaar Enabled Payment System (AEPS) transactions where the bank acts as the acquirer. The fraud amount associated with these 61 instances is approximately Rs. 753('000), out of which the bank has recovered approximately Rs. 743('000). 12 instances pertain to customer negligence hence no loss to bank. The remaining 1 instance involve other bank liability events, with a fraud amount totaling around Rs. 893('000), out of which Rs. 219('000) has been recovered.

FY 23-24 - There are 120 cases involving bank liability, with 117 instances concerning AEPS transactions where the bank acts as the acquirer. Reporting for these instances commenced in Q4 FY24. The fraud amount associated with these 117 instances is approximately Rs. 1,443('000), out of which the bank has recovered approximately Rs. 1,398('000). The remaining three instances involve other bank liability events, with a fraud amount totalling around Rs. 46,276('000), out of which approximately Rs. 3,262('000) has been recovered.



h) Disclosure under Resolution Framework for COVID-19-related Stress: Not Applicable.

18.5. Exposures

As per the Operating Guidelines for Payments Bank issued by RBI vide its circular No. RBI/2016-17/80 DBR.NBD. No.25/16.13.218/ 2016-17, dated October 06, 2016, a Payments Bank cannot lend to any person including their directors except their own employees from Bank's own funds. Accordingly, the Bank has not carried out any lending activities during the current year and previous year. Accordingly, some of the sections as mentioned in the Master direction No.DOR.ACC.REC. No. 6/21.04.018/2021-22, dated August 30, 2021 are not applicable to Bank:

a) Exposure to real estate sector: Not Applicable

b) Exposure to capital market:

Particulars	31.03.2025	31.03.2024
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2,67,849	1,26,968
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;		
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;		
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
(vi) loans sanctioned to corporates against the security of shares / bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii) bridge loans to companies against expected equity flows / issues;		
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;		
(ix) financing to stockbrokers for margin trading;		
(x) all exposures to Venture Capital Funds (both registered and unregistered)		
Total Exposure to Capital Market	2,67,849	1,26,968

*Includes gains on investments since acquisition on account of fair valuation of securities held as AFS, amounting to Rs.1,40,881 ('000) as at 31.03.2025.

c) Risk category-wise country exposure: The Bank has no exposure hence not applicable.

d) Unsecured advances: Not Applicable

e) Factoring exposures: Not Applicable

f) Intra-group exposures: Not Applicable

g) Unhedged foreign currency exposure: Not Applicable

h) Exposure of RCBs: Not Applicable



18.6. Concentration of deposits, advances, exposures and NPAs

As per the Operating Guidelines for Payments Bank issued by RBI vide its circular No. RBI/2016-17/80 DBR.NBD. No.25/16.13.218/ 2016-17, dated October 06, 2016, a Payments Bank cannot lend to any person including their directors except their own employees from Bank's own funds. Accordingly, the Bank has not carried out any lending activities during the current year and previous year. Accordingly, some of the sections as mentioned in the Master direction No.DOR.ACC.REC. No. 6/21.04.018/2021-22, dated August 30, 2021 are not applicable to Bank

a) Concentration of deposits:

(Amount in Rs '000)

Particulars	31.03.2025	31.03.2024
Total deposits of the twenty largest depositors	19,745	21,196
Percentage of deposits of twenty largest depositors to total deposits of the bank	0.46%	0.36%

b) Concentration of advances: Not Applicable**c) Concentration of exposures:** Not Applicable**d) Concentration of NPAs:** Not Applicable**18.7. Derivatives**

The Bank has not entered into any derivative transactions (Forward rate agreement/Interest Rate Swap/ Exchange Traded Interest Rate Derivatives) during FY 2024-25 and FY 2023-24. Therefore, related disclosures are not applicable and hence not given:

a) Details of derivative portfolio**b) Forward rate agreement/Interest rate swap****c) Exchange traded interest rate derivatives****d) Disclosures on risk exposure in derivatives****e) Credit default swaps****18.8. Disclosures relating to securitisation**

As per the Operating Guidelines for Payments Bank issued by RBI vide its circular No. RBI/2016-17/80 DBR.NBD. No.25/16.13.218/ 2016-17, dated October 06, 2016, a Payments Bank cannot lend to any person including their directors except their own employees from Bank's own funds. Accordingly, the Bank has not carried out any securitisation activities during the current year and previous year.

18.9. Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

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

18.10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Amount in Rs. '000)

Particulars	31.03.2025	31.03.2024
Opening balance of amounts transferred to DEAF	4,524	Nil
Add : Amounts transferred to DEAF during the year	43,617	4,524
Less : Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	48,141	4,524



18.11. Disclosure of complaints**A. Customer Complaints received by the Bank from customers and from the Banking Ombudsman (OBSs)**

Particulars	31.03.2025	31.03.2024
Complaints received by the Bank from its customers		
No. of complaints pending at the beginning of the year	33,849	1,117
No. of complaints received during the year	36,806	2,28,202
No. of complaints disposed during the year	69,356	1,95,470
Of which, Number of complaints rejected by the Bank	2,409	7,045
No. of complaints pending at the end of the year	1,299	33,849
Maintainable complaints received by the Bank from OBOs		
Number of maintainable complaints received by the Bank from OBOs	970	3,811
Of which, number of complaints resolved in favour of the Bank by BOs	296	1,631
Of which, number of complaints resolved through conciliation / mediation / advisories issued by BOs	674	2,180
Of which, number of complaints resolved after passing of Awards by BOs against the Bank	Nil	Nil
Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

B. Customer Complaints in details

(i) For FY 2024-25:#

Grounds of complaints (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ (decrease) in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Out of 5, number of complaints pending beyond 30 days
Internet/Mobile Banking (Prepaid Instruments)	21,796	22,228	(74)	151	81
Account opening/difficulty in operation of accounts	6,410	3,913	(94)	6	-
Internet/Mobile/Electronic Banking	4,305	6,490	(89)	903	149
ATM/Debit Cards	462	122	(96)	-	-
Cheques / drafts / bills	2	2	(98)	-	-
Others	874	4,051	(58)	239	206
Total	33,849	36,806	(83)	1,299	436

The Current year complaints include complaints from Banking Ombudsmen, Customer Support and Legal as against the previous year data which contains complaints from Customer Support only.



(ii) For FY 2023-24:

<u>Grounds of complaints (i.e. complaints relating to)</u> (1)	<u>Number of complaints pending at the beginning of the year</u> (2)	<u>Number of complaints received during the year</u> (3)	<u>% increase/ (decrease) in the number of complaints received over the previous year</u> (4)	<u>Number of complaints pending at the end of the year</u> (5)	<u>Out of 5, number of complaints pending beyond 30 days</u>
Internet/Mobile Banking (Prepaid Instruments)	117	85,742	1,867	21,794	1,799
Account opening/difficulty in operation of accounts	362	63,441	607	6,342	3,344
Internet/Mobile/Electronic Banking	217	58,289	49	4,234	2,023
Others	164	9,644	6	586	224
ATM/Debit Cards	8	2,751	752	458	209
Cheques / drafts / bills	-	90	100	2	1
Staff behaviour	-	8	(66)	-	-
Total	868	2,19,965	255	33,416	7,600

18.12. Disclosure of penalties imposed by the Reserve Bank of India and other Institutions

(Amount in Rs. '000)

<u>Institution</u>	<u>31.03.2025</u>	<u>31.03.2024</u>
Reserve Bank of India	-	53,900
Financial Intelligence Unit	-	54,900

18.13. Disclosures on remuneration**Compensation Policy and practices****(i) Qualitative Disclosure:****(a) Information relating to the composition and mandate of the Remuneration Committee:**

The Nomination and Remuneration Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors and should include at least one member from Risk Management Committee of the board.

Key mandate of the Nomination & Remuneration Committee is to oversee the appointment, terms of engagement and fixation of remuneration of Directors & KMP's and other Key employees. Compensation policy, governing all employees of the Bank, is approved by the Committee.

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

The Nomination and Remuneration Committee of the Board oversees the remuneration aspects. Nomination and Remuneration Committee of the Bank is constituted to perform following functions:

- To finalize the appointment, terms of engagements, remuneration to Directors in terms of provisions of the Companies Act, 2013;
- To ensure proper compliance of the condition's precedent to appointment and to generally attend to all other formalities incidental to payment of remuneration and appointment of Directors;
- To formulate and suggest any modifications for ESOP scheme of the Bank;
- To formulate criteria for determining qualification, positive attributes and independence of the Director;



- e) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and to carry out evaluation of every director's performance;
- f) To formulate the criteria for determining qualification, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the Director, key managerial personnel and other employees;
- g) Any other functions as the Board may assign to it from time to time.

The functions of the Committee include recommending appointments of Directors to the Board and other key managerial personnel, lay down criteria for their performance evaluation and also recommend their remuneration (including performance bonus). It also approves the quantum and frequency of bonus payable to members of other staff including senior management. Further, the compensation of staff engaged in control functions like Risk and Compliance depends on their performance, which is based on achievement of the key results of their respective functions and are not linked to any business targets.

The remuneration process of the Bank is in accordance with the defined Compensation policy objectives.

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

The Board approves the risk framework for the Bank and accordingly the business activities are undertaken within this framework to achieve the financial plan. The risk framework includes the Bank's risk appetite, limits framework and policies and procedures governing various types of risks.

The Annual Operating Plan (AOP) targets and Key Result Areas (KRA) evaluation incorporate both qualitative and quantitative aspects that other than targeted growth and profit numbers include aspects like adherence to regulatory norms and effective risk management.

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

Key Result Areas (KRAs) are defined for all employees in which their key performance indicators are also defined. The weightage will vary for all employees depending on their focus areas.

The performance assessment of employees is undertaken bi-annually /annually based on achievements compared to the KRAs assigned to them as stated above. In case the employee fails to achieve his/her KRA and the desired level, the Bank may decide to reduce the variable compensation to the employees.

(e) A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

As per compensation policy, total variable pay consists of cash (vesting upto 3 years) and share linked component CSAR (vesting upto 4 years). Deferred payment will be subject to malus /clawback arrangement. In the event of subdued or negative performance of Bank and/or relevant line of business in any year, the Bank can apply malus /clawback on deferred compensation.

Malus arrangement permits the Bank to prevent vesting of all or part of the deferred remuneration. However, it does not reverse vesting after it has already occurred. Clawback is a contractual agreement between the employee and the Bank in which the employee agrees to return previously paid or vested remuneration to the Bank under certain circumstances that could include but are not limited to incidents of wilful and deliberate misinterpretation/ misreporting of financial performance, etc. Clawback arrangements are applicable for all the employees including those eligible for Deferred Compensation.

(f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms:

Variable remuneration includes Performance Linked Variable Pay & Incentive (PLI) / (LTIP) and Equity linked incentives-Cash Settled Stock Appreciation Rights (CSAR).

The form and quantum of variable remuneration depends on the job level, associated risks involved and time spent in the organization.



(II) Quantitative Disclosure:

The following table sets forth, for the period indicated, the details of quantitative disclosure for remuneration of WTD (including MD & CEO) and other Material Risk Takers ("MRT"):

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

S No	Particulars	31.03.2025	31.03.2024
1	a. Number of meetings held by the Remuneration Committee during the year	12	8
	b. Remuneration paid to its members during the year / period (sitting fees)	3600	800
2	a. Number of employees having received a variable remuneration award during the year	-	1
	b. Number and total amount of sign on awards made during the year	-	-
	c. Details of guaranteed bonus, if any, paid as joining / sign on bonus	575	-
	d. Details of severance pay, in addition to accrued benefits, if any	-	-
3	a. Total amount of outstanding deferred remuneration payable <ul style="list-style-type: none"> Bonus and CSAR RSU's (Nos.) 	8,318 -	- -
	b. Total amount of deferred remuneration paid out in the year <ul style="list-style-type: none"> Bonus and CSAR 	-	-
4	Breakdown of amount of remuneration awards for the year: Fixed pay Variable pay - Non-deferred Variable pay <ul style="list-style-type: none"> Deferred Restricted Stock Units (nos.) Common Stock Appreciation Rights 	16,425 - 4,159 - 2,079	25,000 - 5,166 - -
5	a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments:	-	-
	b. Total amount of reductions during the year due to ex post explicit adjustments	-	-
	c. Total amount of reductions during the year due to ex post implicit adjustments	-	-
6	Number of MRTs identified (includes MRT's served during part of the year)	4	4
7	a. Number of cases where malus has been exercised.	-	-
	b. Number of cases where clawback has been exercised	-	-
	c. Number of cases where both malus and clawback have been exercised.	-	-
8	The ratio of pay of MD & CEO to the mean pay of the Bank as a whole (excluding sub-staff in the grade of MG03B and below)	3.54x	7.69x

18.14. Other Disclosures**a) Business ratios**

Particulars	31.03.2025	31.03.2024
Interest income to working funds (% per annum)	5.46%	5.35%
Non-interest income to working funds (% per annum)	4.91%	22%
Cost of Deposits (% per annum)	0.56%	1.17%
Net Interest Margin (% per annum)	5.85%	5.50%
Operating profit to working funds	(3.48)%	(1.22)%
Return on assets (% per annum)	(4.92)%	(1.69)%
Net Profit per employee (Rs. in '000)	(1,132)	(671)
Business (average deposits plus average advances) per employee (Rs. in '000)	5,415	13,608



Notes:

1. Working fund is calculated as average of total assets (excluding accumulated losses, if any) as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.
2. Operating profit is profit for the year before provisions and contingencies.
3. Return on assets has been calculated basis the monthly average of total assets computed for the financial year.
4. Productivity ratios are based on average number of employees as on the end of the financial year.

b) Letter of Comfort (L.OC) and Bancassurance:

Bank has not issued any Letter of Comfort and not engaged in any insurance broking, agency or bank assurance business during the year ended March 31, 2025 and year ended March 31, 2024.

c) Marketing and distribution

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

d) Disclosures regarding Priority Sector Lending Certificates (PSLCs): Not Applicable**e) Provisions and contingencies**

(Amounts in Rs.'000)

Particulars	31.03.2025	31.03.2024
Provision for NPI	-	-
Provision towards NPA	-	-
Provision for income tax	36,760	2,16,128
Deferred tax expenses / (reversal)	-	1,85,746
Provisions for doubtful debts	1,26,872	13,166
Provision for operational losses (net)	(1,15,298)	19,34,458

f) Implementation of Indian Accounting Standards (IND AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (IND AS) for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). The RBI has also issued a circular DBR.BP.BC.No.76/21.07.001/2015-16 dated February 11th, 2016 advising that the Banks in India are required to implement IND AS from April 1, 2018. Subsequently, the RBI in its press release issued on 5th April 2018 and vide notification RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019 has deferred the applicability of IND AS for Scheduled Commercial Banks.

g) Payment of DICGC insurance premium:

(Amounts in Rs. '000)

Particulars	31.03.2025	31.03.2024
Payment of DICGC Insurance Premium *	7,345	48,806
Arrears in Payment of DICGC Insurance Premium	-	-

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

h) Disclosure of facilities granted to directors and their relatives: Not applicable on the Bank.**i) Disclosure on amortisation of expenditure on account of enhancement in family pension of employees of Banks: Not applicable on the Bank.**

j) Portfolio-level information on the use of funds raised from green deposits: Not applicable on the Bank.

k) Disclosure on amortisation of additional pension liability on account of implementation of Pension Scheme in RRBs with effect from November 1, 1993: Not applicable on the Bank.

19. Related Party Disclosure:

As per AS 18 "Related Party Disclosures", the Bank's related parties for the year ended March 31st 2025 are disclosed below:

List of Related Parties	Relationship
Vijay Shekhar Sharma	Individuals with significant influence in voting power
One 97 Communications Limited	Entity having significant influence
PAI Platforms Private Limited (formerly known as Paytm E-Commerce Private Limited)	Entity having common director
Applied Life Private Limited (upto 30.10.2023)	Entity having common director
Paytm Money Limited	Entity having common director
One 97 Communications India Limited	Group Company (i.e. Subsidiary of Entity having significant influence)
Paytm Payments Services Limited.	
Paytm Services Private Limited	
First Games Technology Private Limited (formerly known as Paytm First Games Private Limited)	
Paytm Insurance Broking Private Limited	
Wasteland Entertainment Private Limited	Key Managerial Person (KMP)
Surinder Chawla (Managing Director & Chief Executive Officer till 10.07.2024)	
Pratap S Chawla; Gurdeep K Chawla; Surjeet Kaur Chawla; Ishan S Chawla; Aryan S Chawla; Tajinder Pal Singh; Satvinder Kaur Arora	Relatives of KMP
Arun Kumar Bansal (Managing Director & Chief Executive Officer w.e.f 11.07.2024)	Key Managerial Person (KMP)
Pawan Kumar Bansal; Vaishallee Bansal; Akshiv Bansal; Alaukika Bansal; Rakesh Bansal, Gaurav Bansal; Kiran Bansal; Shashi Rani	Relatives of KMP

Group companies though not 'Related Parties' as per the definition under AS-18 - Related Party Disclosure, have been included (if there are transactions with such group companies in current year or previous year) by way of a voluntary disclosure, following the best corporate governance practice.

As per Master Direction on Financial Statements - Presentation and Disclosures updated on April 01, 2025, the related parties for a Bank are its parent, subsidiary (ies), associates/ joint ventures, Key Management Personnel (KMP) and relatives of KMP. KMP are the whole-time directors for an Indian Bank and the Chief Executive Officer (CEO) for a foreign bank having branches in India. Relatives of KMP would be on the lines indicated in section 45S of the RBI Act, 1934.



(Amount in Rs. '000)						
<u>Items/Related Party</u>	<u>Individuals with significant influence in voting power</u>	<u>Entity having significant influence</u>	<u>Group Company</u>	<u>Key Management Personnel</u>	<u>Entity having common director</u>	<u>Relatives of Key Management Personnel</u>
Borrowings	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-
Advances	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Non-funded commitments	-	-	-	-	-	-
Leasing / HP arrangements provided	-	-	-	-	-	-
Leasing / HP arrangements availed	-	-	-	-	-	-
Purchase of assets	-	39,584 (2,20,763)	- (6,742)	-	-	39,584 (2,27,505)
Sale of assets	-	-	-	18	-	18
Interest paid	-	-	-	-	-	-
Interest received	-	-	-	-	-	-
Rendering of services	-	43,510 (73,56,222)	6,181 (13,41,962)	-	-	49,691 (86,98,184)
Receiving of services	-	-	-	-	-	-
Management contracts	-	(4,73,635)	(8,58,719)	-	(360)	(13,32,714)
Remuneration	-	-	-	23,550 (30,094)	-	-
Balances Receivable	-	-	97	-	-	23,550 (30,094)
Balance Payable	-	3,42,992 (35,66,603)	(326,237)	-	(23,003)	97 3,42,992 (39,15,843)

Note: Figures in brackets (), represents the previous year's figures.



20. Disclosures for Micro and Small Enterprises

Based upon the information in the possession of the Bank, the Bank has no overdue amounts payable to suppliers registered under Micro, Small, Medium Enterprises Development Act 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as:

(Amount in Rs '000)		
Particulars	31.03.2025	31.03.2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	7,429	34,781
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at period end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the period	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments a ready made	-	-

21. Strictures by the Reserve Bank of India (the "RBI")

Pursuant to its supervisory process, the RBI directed the Bank to stop onboarding of new customers w.e.f. 11th March, 2022 and asked the Bank to appoint an external Auditor with the approval of the RBI to conduct a comprehensive systems audit. Thereafter the RBI issued a show cause notice in July 2023 arising out of its special scrutiny from Know Your Customers (KYC) / Anti Money Laundering (AML) perspective and findings from the comprehensive systems audit, pointing out various observations including strengthening of its IT outsourcing processes and operational risk management. The RBI gave further observations in its communication in October, 2023 on which the Bank has taken various remedial corrective actions. The RBI vide its press release dated 31st January 2024 updated on 10th February 2024, directed the Bank to stop banking services including credit transactions in accounts / wallets w.e.f. 15th March, 2024. However, withdrawal or utilisation of balances by its customers from their accounts including savings bank accounts, current accounts, prepaid instruments, Fastags, national common mobility cards (NCMC), etc. are permitted without any restrictions, up to their available balances only.

The Bank continues to be under regulatory restrictions imposed by the RBI, as previously disclosed in the financial statements for the year ended 31st March 2024. While there has been no change in the regulatory status during FY 2024-25, the Bank has proactively undertaken significant measures to strengthen governance, compliance, systems, and financial resilience and continues to engage actively with the regulator in anticipation of a favourable consideration of its compliance efforts.

After carefully considering the restrictions imposed by the RBI, the Management and the Board of the Bank are of the view that the use of 'going concern' basis in the preparation of these financial statements is appropriate. However as a regulated entity, the Bank's continuance depends upon the approval and / or directions of the RBI. Given the dependence on the RBI for such approvals / directions, it is recognised that there exists a 'Material Uncertainty relating to the regulatory action and consequences thereof on the Bank's ability to continue as a "Going Concern"'. Hence the situation is that the use of going concern basis is appropriate but it is surrounded by this material uncertainty. In reaching this judgement, the following factors were taken into account.

- The Bank has taken remedial steps to address the concerns raised by the RBI and has provided a comprehensive response on all RBI's concerns vide its letter dated 14th August 2024 and in various oral and written communications thereafter covering corrective measures taken by the Bank (particularly in past one year or so.)
- In order to strengthen corporate governance and achieve separation from the promoter entities, the Board's composition has been totally changed and from March 2024, the present board includes six independent directors, of which three directors are seasoned bankers, one director is an ex-IAS officer and two women directors with one being another ex-IAS officer. Further, the entire executive management team including Managing Director & CEO has been re-vamped by appointing seasoned professionals from the Banking and Financial Services Industry.



- The technology infra-structure of the Bank has been segregated from share-holders' group companies. Source codes have been purchased apart from launching its exclusive phone mobile App. The Bank has also implemented measures to strengthen data privacy, arm's length distance and ring fencing with related parties.
- The Bank has strengthened policies and procedures to ensure compliances with KYC and AML guidelines and has got its KYC and AML procedures validated by independent external auditors. Similarly, another independent external audit firm has been mandated to audit the compliances with internal controls / internal checks and report on a monthly basis.
- The RBI has conducted a scrutiny from 24th to 26th September 2024 of the Bank's compliances and other areas in response to bank's request for granting relaxations in the restrictions imposed. The Bank has submitted a further response vide its letter dated 24th October, 2024 to the RBI, outlining steps undertaken by the Bank to ensure total compliances relating to the restrictions imposed by the RBI. Thereafter while the RBI has sought various additional information, there have been no further adverse comments / actions by the RBI. The Bank has been in continuous discussion with the RBI and has submitted the required information.
- Further, on an 'as is' basis, the Bank has prepared a projected cash flow statement till 30th June, 2026 which shows that the Bank will have sufficient cash to meet all its obligations, including operational costs, as and when they arise along with continued compliance with all prudential norms, including maintenance of minimum net worth of Rs. 100 crores, minimum capital adequacy ratio (CAR - total capital) at 15% and a minimum leverage ratio of 3%.
- As at 31st March, 2025, the net worth of the Bank is Rs. 23,12,386 thousands, capital adequacy ratio (total capital) is 151.88% and leverage ratio is 12.01% (As at 31st March 2024, the net worth was Rs. 31,17,872 thousands, capital adequacy ratio (total capital) was 122.59% and leverage ratio is 10.69%).
- The carrying value of all the assets held by the Bank is not less than the value appearing in the financial statements. Further, the Bank has made provision for all known expenses / liabilities in the financial statements and there are no contingent liabilities, other than those disclosed in the financial statements.
- The Bank has already made additional provisions for impairment in its financial statements on a conservative basis aggregating to Rs. 17,84,655 thousands as at 31st March 2025 (Rs. 19,01,180 thousands as at 31st March 2024). It does not expect any further deterioration in the carrying value of its assets as a result of any adverse outcome from the RBI's future regulatory actions, if any. The provisions for impairment would be reviewed and reversed appropriately as and when the restrictions on the Bank's operations are relaxed by the RBI.
- The Management has no intention to liquidate the Bank or cease its operations.

The above discussion supports the view that the use of the going concern assumption in preparation of these financial statements is appropriate. However, it is also recognised that a material uncertainty continues to exist, pending a definitive resolution from the RBI on the regulatory restrictions and on the Bank's request for relaxation thereof. The financial statements have accordingly been prepared on a Going Concern basis, with adequate disclosures made herein.

22. Employees benefits

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service, gets a gratuity on departure of 15 days' salary (last drawn basic salary) for each completed year of service. The gratuity plan of the Bank is non-funded. Disclosures are as per actuarial report of an independent actuary in respect of gratuity obligation.

The following table summarizes the components of net benefit expense recognized in the Profit & Loss account and amount recognized in the Balance Sheet.

(Amount in Rs '000)		
Particulars	31.03.2025	31.03.2024
Current service cost	18,346	26,080
Past Service Cost including curtailment Gains/Losses		-
Interest cost on benefit obligation	8,557	9,547
Expected return on plan assets		-
Net actuarial Gain recognized in the year	(1,353)	29,357
Net employee benefit expense	25,550	64,984



Details of defined benefit gratuity plan

(Amount in Rs. '000)

Particulars	31.03.2025	31.03.2024
Present value of defined benefit obligation	90,617	120,008
Fair value of planned assets	-	-
Plan assets / (liability)	-	-

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

(Amount in Rs. '000)

Particulars	31.03.2025	31.03.2024
Opening defined benefit obligation	120,008	129,195
Acquisition adjustment	-	(65,039)
Interest cost	8,557	9,547
Current service cost	18,346	26,079
Past Service Cost including curtailment Gains/Losses	-	-
Benefits paid	(54,941)	(9,131)
Actuarial loss / (gain) on obligations	(1,353)	29,357
Closing defined benefit obligation	90,617	120,008

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

Particulars	31.03.2025	31.03.2024
Discount rate	6.99%	7.13%
Salary Escalation Rate		
For Current Year	0%	0%
Thereafter	10%	10%
Attrition rate	As per table below	As per table below

Attrition rate used are as per the table below:

Age (Years)	31.03.2025	31.03.2024
Up to 30 Years	24%	35%
From 31 to 44 years	24%	35%
Above 44 years	24%	35%

The estimates of future salary increase takes into account the inflation, seniority, promotion, business plan, HR policy and other relevant factors.

23. Corporate Social Responsibility

As per Section 135(5) of the Companies Act 2013, "Every Company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be independent director". Further, the Company should spend, in every financial year at least two percent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social responsibility policy. The Bank is not required to spend any amount towards the CSR in FY 2024-25.



24. Earnings per share (EPS)

(Figures in '000, except per share data)

Particulars	31.03.2025	31.03.2024
Net Loss after tax (Rs.)	(9,46,368)	(15,61,618)
Weighted average number of equity shares for calculating Basic and Diluted EPS	4,00,000	4,00,000
Basic / share (Nominal value of share Rs. 10)	(2.37)	(3.90)
Diluted / share (Nominal value of share Rs. 10)	(2.37)	(3.90)

25. Provision for long term contracts

The Bank has assessed material foreseeable losses for all long term pending contracts. 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.

26. Segment Information*Business Segments:*

For the purpose of segment reporting as per Accounting Standard -17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India and as prescribed in Reserve Bank of India guidelines, the business of the Bank has been classified into four segments i.e. a) Treasury Operations, b) Retail Banking, and c) Other Banking Operations

Segmental Revenue, Results, Assets & Liabilities in respect of Wholesale and Retail Banking segment have been bifurcated on the basis of exposure to these segments. Assets & Liabilities where directly related to segments have been allocated to segments and where not directly related have been allocated on reasonable basis.

- **Treasury Operations:** Treasury Operations consist of dealing in securities and other investments.
- **Retail Banking Business Operations:** Includes all other banking operations not covered under treasury & other banking operations.
- **Other Banking Operations:** Other Banking Operations consist of activities which are not in the nature of core banking operations.

Geographical segments:

The Bank does not have any overseas branches; therefore, disclosure as required under Accounting Standard - 17, reporting under geographic segment is not applicable.

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The following table provides required information for the primary segments for the year ended March 31, 2025 and March 31, 2024:

Particulars	Treasury		Retail banking		Other banking operations		Total	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024
Segment revenue	12,37,127	48,97,624	2,39,900	1,44,87,376	8,56,094	58,36,490	23,33,121	2,52,21,487
Segment result	11,877	38,56,869	(10,42,071)	(13,47,981)	1,20,586	(36,68,632)	(9,09,608)	(11,53,744)
Unallocated expenses	-	-	-	-	-	-	-	-
Operating Profit/(Loss)	-	-	-	-	-	-	-	-
Tax (expense) / reversal	-	-	-	-	-	-	(9,09,608)	(11,59,744)
Net Profit/(Loss)	-	-	-	-	-	-	(36,760)	(4,01,874)
Segment assets	1,95,72,499	2,54,97,451	5,68,197	27,08,846	(9,95,345)	1,89,820	(9,46,368)	(15,61,618)
Income tax assets	-	-	-	-	-	-	1,91,45,351	2,83,96,117
Total Assets	1,95,72,499	2,54,97,451	5,68,197	27,08,846	(9,95,345)	1,89,820	42,928	2,63,802
Segment liabilities	6,46,018	3,27,133	1,54,06,766	2,31,80,021	8,23,109	20,34,893	1,91,88,279	2,86,59,919
Unallocated liabilities	-	-	-	-	-	-	1,68,75,893	2,55,42,047
Total Liabilities	6,46,018	3,27,133	1,54,06,766	2,31,80,021	8,23,109	20,34,893	-	-
							1,68,75,893	2,55,42,047

(Amount in Rs. '000)



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27. AFS Reserve

The RBI, vide its master direction dated September 12, 2023, issued revised norms for the classification, valuation and operation of investment portfolio of banks, which become applicable from April 01, 2024. In accordance with the revised norms and the Bank's approved policy, the Bank has classified its investment portfolio as on April 01, 2024 under the category of available for sale (AFS) and from that date, measures and values the investment portfolio under the revised framework. On transition to the framework on April 01, 2024, the Bank has made an irrevocable election to classify its equity instrument that is not held with the objective of trading (i.e., not held for any of the purposes listed in paragraph 4 of Annex I of the circular) under AFS. Accordingly, the value of investment in shares has increased by Rs. 1,37,956 ('000) with a corresponding credit in AFS Reserve as at April 01, 2024. Except for the foregoing, the Bank has applied its significant accounting policies in the preparation of these financial statements consistent with those followed in the annual financial statements for the year ended March 31, 2024. Any circular / direction issued by RBI is implemented prospectively when it becomes applicable, unless specifically required under that circular / direction.

28. The Bank has executed a UPI service agreement for rendering technology and other services for which the bank has recovered Rs. 2,92,500 ('000). The same has been netted off against respective heads viz. Payments to and provisions for employees – Rs. 1,05,576 ('000), Repairs and maintenance – Rs. 73,557 ('000), Other expenditure – Rs. 1,13,367 ('000) in the year ended 31st March 2025.
29. The Bank has not recognized deferred tax assets (net) on business losses and unobserved depreciation on account of prudence.
30. The Bank was awarded following projects for National Common Mobility Cards (NCMC) and had made various payments towards sourcing exclusive NCMC acquiring and card issuance rights in these projects:

(Amount in Rs.'000)

S. No	Project Name	Total book value as on 31.03.2024
1	Delhi Metro Rail Corporation	546,272
2	Mumbai Metro One Pvt Ltd	355,844
3	Kadamba State Transport Corporation Ltd (KTCL), Goa	21,568
4	Uttar Pradesh Metro Rail Corporation (Lucknow Metro)	64,828
5	Uttar Pradesh State Road Transport Corporation	88,917
	Total	1,077,429

As per the agreements and on the basis of independent accounting opinion obtained by the Bank transactions under above contracts do not qualify to be treated as Capital Assets or Intangible Assets as per Accounting Standard - 10 and Accounting Standard - 26 and therefore will be treated as Revenue Expenditure which is to be amortised over the contract period and are being carried as prepaid expense in the Balance sheet. Basis the restrictions imposed by the RBI vide Press release dated 31st January 2024 updated on 16th February 2024, the Bank will no longer be able to fulfill its acquiring and issuing obligations in these NCMC projects post 15th March 2024 and hence it had initiated discussions with other banks to transition these businesses. Till 31st March, 2024 the Bank has signed three MOUs to transfer their rights to other parties and is under discussion to transfer the other projects. The Bank has obtained opinion from an independent firm regarding accounting treatment of the unamortised value of prepaid cost and recognition of income from transfer of agreement. Basis accounting opinion obtained, the Bank has fully amortised the value of prepaid cost relating to the above metro projects since there will be no revenue expected in future for these projects. The Bank has recognized an income of Rs. 7,43,694 ('000) in FY 2024-25 from sale of these projects.



31. The Bank has used accounting software(s) for maintaining its books of account for the financial year ended 31st March 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s) except for database level logs for enablement/disablement/ modification of the audit trail feature. The said feature was implemented on 7th April 2025. Although the logs which were not created on the "Wallet" database, the same were available in a Privilege Access Management tool, through which the users log into the application. Further, the bank did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the Bank as per the statutory requirements for record retention.
32. Previous year / period figures have been regrouped/reclassified wherever necessary to conform to current year's classification.

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

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



Ajay Gupta
Partner

Membership No.: 090104



Srinivasan Sridhar
(Part-time Chairman &
Independent Director)
DIN : 00004272



Ramabhadran Ramarajam
(Independent Director)

DIN : 07060244



Arun Kumar Bansal
(Managing Director &
Chief Executive Officer)
DIN : 08425582



Ashhish K Paanday
(Company Secretary)
ACS - 23155



Nipun Bhatia
(Chief Financial Officer)

Place : Noida, U.P.
Dated : 28th June 2025

