

Independent Auditor's Report

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

1. Opinion

We have audited the accompanying financial statements of India Post Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('Act') in the manner so required for Banking companies and are in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Bank as at 31 March 2024, and its profit and its cash flows for the year ended on that date.

2. Basis for Opinion

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context:

	Key Audit Matter	Auditor's Response
1.	IT Systems and Controls over financial reporting	
	<p>IT Controls Framework is identified as a Key Audit Matter as the Bank's business is highly dependent on the IT environment as the Bank's financial accounting and reporting processes are highly dependent on Banking, Treasury and other supporting software controls such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>The Bank uses several systems for its overall financial reporting and there is a large volume of transactions being recorded at multiple locations daily. In addition, there are increasing challenges to protect the integrity of the Bank's systems and data since cyber security has become a more significant risk in recent periods. Hence, due to the pervasive nature and complexity of the IT environment as well as its importance in relation to accurate and timely financial reporting, we have identified this area as a Key Audit Matter. (Refer note no 35 & 34 of schedule 18 of the accompanying financial statement).</p>	<p>As a part of our audit procedures for review of the Bank's IT systems and related controls for financial reporting: We have planned, designed and carried out the audit procedures and sample checks, taking into consideration the existing IT systems of the Bank. We obtained an understanding of Bank's IT environment including integration of various systems to evaluate their adequacy. This included testing that requests for access to systems were reviewed and authorised. We inspected requests of changes to systems for approval and authorisation. Further, we also relied on the reports of Information Security Audit conducted by an external agency during the financial year 2022-23 final report submitted on 15.06.2023. In addition, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. Where deficiencies were identified, we sought explanations regarding compensating controls or performed alternate audit procedures.</p>
2.	Banking business activities of the Bank are being carried out by the Department of Post (DoP), on behalf of the Bank, as Business Correspondence (BC). Further, software applications relating to Banking business transactions of the Bank has been outsourced to third parties to implement, operate and maintain.	
	<p>We considered this matter to be of most significance in our audit as the materiality and volume of the transactions involved, balances in the financial statements and the risks involved. Banking business i.e. opening of customer saving/current Bank accounts, cash deposits, cash payments / transfer etc. for respective customer</p>	<p>As per information and explanation provided to us, the common services of both the entities are being provided through same set of the manpower of DoP (GDS/BC) , however, the software licences used by both the entities are different, we have relied on the basis of test check performed by us on the</p>

	are being made by the DoP on behalf of the Bank. Banking business software application have also been outsourced to implement operate and maintain. (Refer note no 34.1 of schedule 18 of the accompanying financial statement).	product wise reports / records prepared by the Central Processing Centre (CPC) of the Bank for the daily / periodic settlement with respect to the transactions relating to the Banking business and accounting entries made in CBS.
3.	Termination of contract awarded for entire Banking system integration and its maintenance:	
	We considered this matter to be of most significance in our audit due to the security, confidentiality and integrity of data relating to customers. Contract for implementation of "dedicated and customised technology platform" through a System Integrator (SI) for Banking operation was terminated prior to the completion of the Contract due to delayed in performance and/or non-performance of the services as per the clauses of the Contract / MSA signed between Vender and Bank. (Refer note no 35 of schedule 18 of the accompanying financial statement).	As per information and explanation provided to us that the Bank had hired services of OEMs of software/hardware for the continuity of the services on termination of previous SI/contractors. We have relied on the basis of test check performed by us on product wise reports / records prepared by the Bank for the daily / periodic settlement /reconciliations with respect to the Banking transactions. We tested the operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. We have also relied on the reports issued by the concurrent auditor, report on risk-based audit conducted by the management and report on system security audit conducted by an independent agency for the financial year 2022-23.

4. Emphasis of Matter:

We draw attention to the:

- i. note no. 32.2 of schedule 18 of the accompanying financial statements for non-conducting physical verification of Fixed Assets since inception of the Bank and management has now initiated process for the said exercise.
- ii. note no. 6.3 of schedule 17 of the accompanying financial statements regarding policy for depreciating software considering estimated life instead of actual useful/licenced life.
- iii. note no. 34.4 of schedule 18 of the accompanying financial statements regarding capitalisation of 999 ATM on the basis of transfer of ownership by Infosys to the Bank against consideration paid by the Bank, however, income from such ATMs is not being accounted for by the Bank.

- iv. note no. 34.3 of Schedule 18 of the accompanying financial statements regarding outstanding recoverable from DoP with respect to the payments against expenditure stated to have been made by the Bank on behalf of DoP out of which Rs. 26.89 crore provided for during the year.
- v. note no. 34 of schedule 18 of the accompanying financial statements regarding non-disclosure of transactions made between Bank and DoP, as Related Party Transactions in term of exemption for such disclosure as per para 9 of the Accounting Standard 18 issued by ICAI, as both the entities are under same administrative ministry of the Govt. of India.
Para 3.13 of MoU signed between DoP & Bank on 4th November, 2022 stipulates "maintain an arm's length relationship at all time with adequate ringfencing and firewalls for uninterrupted operations between DoP and IPPB, without comingling of data in accordance with RBI license conditions". However, certain transactions are being made by the Bank with DoP on free of cost basis i.e. advances / recoverable are free of interest irrespective of the periods of outstanding of such advances / recoverable and certain other services also provided by the Bank to DoP on free of cost basis. The management of the Bank and DoP is in the process of finalising the MOU to address the issues.
- vi. note no.35 in the schedule no.18 of accompanying financial statements regarding disputed liabilities of Rs. 163.47 crore, out of which Rs. 101.20 crore has been accounted for as liability and Rs.62.27 crore (i.e. to the extent penalties deducted) shown as contingent liability. The Performance Bank Guarantee (PBG) of Rs. 68.93 crore given by the Contractor have also been invoked and shown under other liabilities & provisions. The SI/Contractor had gone in the High Court of Delhi and Court vide its direction dated 9th February 2024, referred the matter for Arbitration. Case is still pending.
- vii. foot note of schedule No. 10 of the accompanying financial statements regarding payments in advance for extended warranties, though services against such extended warranties would be availed by the Bank progressively only after completion of normal warranty period of one year. The such extended warranty has also been capitalised.
- viii. note no 30 in the schedule no 18 of the accompanying financial statements regarding ad-hoc provision of Rs. 69.87 crore against pay revision based on 12th Bipartite Settlement of the Indian Bank Association (IBA), stated to have been made considering the fact of para 4.2.3 of the Cabinet note dated 26.04.2022.
- ix. note no 38 in the schedule no 18 of the accompanying financial statements regarding appropriation of the amount exceeding the limits of Rs.2 lacs from the respective saving / current accounts of the customer not having post office saving account (POSA) and parking it under other liabilities for a long period as there is no automated facility of sweep-in in respective customer accounts when balance gone down from Rs. 2 lacs. However, interest is being credited to customers account on value date basis.
- x. note no 39 in the schedule no 18 of the accompanying financial statements regarding implementation of the Vendor Management System for the tracking of vendor-wise details is in the process.

- xi. note no 40 in the schedule no 18 of the accompanying financial statements regarding procurements are being made on nomination basis.

Our opinion is not modified in respect of these matters.

5. Other Information

The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with Governance.

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

- (a) The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
- (b) In preparing the financial statements, management 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

- (c) Those Board of Directors is also responsible for overseeing the Banks's financial reporting process.

7. Auditor's Responsibilities for the Audit of the Financial Statements.

- (a) 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 Standards on Auditing 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.
- (b) As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide 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 explaining our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (c) 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.
- (d) 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.

- (e) From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Other Matters:

- i. These financial statements include data/information of 650 Banking outlets (including one branch) located on pan India basis which we have not visited and relied solely on the information/explanations relating to their data provided by the management at the Head Office of the Bank.
- ii. Financial statements for the year ended 31st March 2024 included the data / opening data on the basis of the financial statements for the year ended 31st March 2023 which were audited by P.K. Chopra & Co., Chartered Accountants vide their unmodified report dated 23.06.2023, whose reports have been furnished to us by the management and which have been relied upon by us for the purpose of our audit of these financial statements.

Our conclusion on the financial statement and our report is not modified in respect of the above matter.

9. Report on Other Legal and Regulatory Requirements

- i. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Rules), 2014 (as amended).
- ii. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, subject to the limitations of the audit indicated in above paragraphs, we report that:
 - a) we have 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, have been within the powers of the Bank;
 - c) Since the key operations of the Bank are automated with the key applications integrated to the core Banking system, the audit is carried out at centrally as the necessary records and data required for the purposes of audit are available therein.
- iii. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a Banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of

section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

- iv. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "**Annexure A**".
- v. Further, as required by section 143 (3) of the Act, based on our audit, 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;
 - 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 financial statements dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of section 164(2) of the Act;
 - f) We have conducted audit of the internal financial controls over financial reporting of the Bank as on 31 March, 2024 in conjunction with our audit of the financial statements of the Bank for the year ended on that date and our report annexed as "**Annexure B**".
 - g) 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 (as amended), 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 under schedule 12 of the financial statements on its financial position as at 31 March, 2024;
 - ii. the Bank has made provision as at 31 March, 2024, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March, 2024.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note no. 34.3 of schedule 18, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("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 person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, 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 based on such audit procedures that were considered reasonable and appropriate by us in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (b) contain any material misstatement

- (i) The Bank has not declared or paid Dividend during the year accordingly the compliance with section 123 of the Companies Act, 2013 is not applicable on Bank for the year under Audit.
- (ii) The Bank has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for the transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
FRN.: 000038N

Sd/-
(CA C.S. Karki)
Partner
M.No.: 089896

UDIN : 24089896BKEQUY8321

Place: New Delhi
Date: 26.06.2024

Annexure "A"

AUDIT REPORT OF INDIA POST PAYMENTS BANK LIMITED FOR THE YEAR 2023-2024 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

- 1) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

Certain software/application/Portal are being used by the Bank for its different Banking & related activities and recording the transactions which are not integrated/interfaced with the Banking Solutions (CBS) and output of such software/application/Portal are being entered manually in CBS including for daily calculation of CRR /SLR on the basis of daily DDB hence, possibilities of human error could not be ruled out.

- 2) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for ? (In case, lender is a Government Company, then the direction is also applicable for statutory auditor of Lender Company).**

As per information & explanations provided to us, there is no restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by any lender to the company due to the company's inability to repay the loan.

Further, it is a payment Bank therefore it is not permitted to make any loans/ advances and hence there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interests etc.

- 3) Whether funds (grants/subsidy etc) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

No Grant has been received during the year, hence the funds received/receivable for specific schemes from Central/State agencies were whether properly accounted for/ utilized or not as per its term and conditions is not applicable.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
FRN.: 000038N

Sd/-
(CA C.S. Karki)
Partner
M.No.: 089896

UDIN : 24089896BKEQUY8321

Place: New Delhi
Date: 26.06.2024

Annexure "B"

The Annexure referred to the Independent Auditor's Report of even date to the members of India Post Payments Bank Limited on the financial statements for the year ended 31 March 2024

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of India Post Payments Bank Limited ('the Bank') as at and for the year ended 31 March 2024, we have audited the Internal Financial Controls over Financial Reporting ('IFCoFR') of the Bank as at that date.
2. **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls:**

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Bank's business, including adherence to the 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.

3. **Auditor's Responsibility for the Audit of the Internal Financial Controls:**

Our responsibility is to express an opinion on the Bank's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 IFCoFR were 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, 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 IFCoFR.

4. Meaning of Internal Financial Controls over Financial Reporting:

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

5. Inherent Limitations of Internal Financial Controls over Financial Reporting:

Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Opinion:

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants
FRN.: 000038N

Sd/-
(CA C.S. Karki)
Partner
M.No.: 089896

UDIN : 24089896BKEQUY8321

Place: New Delhi
Date: 26.06.2024

INDIA POST PAYMENTS BANK LIMITED
BALANCE SHEET AS AT 31ST MARCH 2024

('in Rs 000')

<u>CAPITAL & LIABILITIES</u>	<u>Schedule</u>	<u>As at 31.03.2024</u>	<u>As at 31.03.2023</u>
Capital	1	21050000	16550000
Share Application Money		-	2000000
Reserves & Surplus	2	-9277856	-9620234
Deposits	3	115521920	62923585
Borrowings	4	-	-
Other Liabilities and Provisions	5	9333564	4353854
	TOTAL	136627628	76207205
		=====	=====
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	7265033	6262034
Balances with Banks & Money at call & short notice	7	29949675	19009366
Investments	8	88394493	45991846
Advances	9	-	98
Fixed Assets	10	3692152	596447
Other Assets	11	7326275	4347414
	TOTAL	136627628	76207205
		=====	=====
Contingent Liabilities	12	642974	3136
Bills for Collection		-	-
Significant Accounting Policies	17		
Notes to Financial Statements	18		

(Schedules 1 to 18 form an intergral part of this financial statement)

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(Pawan Kumar Singh)
Director (DIN 09434830)

Sd/-
(Navneet Kakkar)
ACB Chairman (DIN 03475842)

Sd/-
(R.Viswesvaran)
MD & CEO (DIN 10514859)

Sd/-
(Vandita Kaul)
Chairman (DIN 07854527)

As per our report of even date
For M/s Thakur, Vaidyanath Aiyar & Co
Chartered Accountants - FRN 000038N

Sd/-
(C.S. Karki)
Partner (Membership No. 089896)

Dated: 26.06.2024
Place: New Delhi

INDIA POST PAYMENTS BANK LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2024

('in Rs 000')

	Schedule	Year ended 31.03.2024	Year ended 31.03.2023
<u>I. INCOME</u>			
Interest earned	13	6075759	2790522
Other Income	14	6577150	4870980
	TOTAL	12652909	7661502
<u>II. EXPENDITURE</u>			
Interest expended	15	1697360	940216
Operating expenses	16	10036823	6461410
Provisions and Contingencies		576348	58267
	TOTAL	12310531	7459893
Net Profit/Net Loss for the year		342378	201609
Balance in Profit & Loss Account (Brought Forward)		-9699673	-9827397
Profit available for Appropriation		-9357295	-9625788
<u>APPROPRIATIONS</u>			
Transfer to Reserves (Net) :			
Statutory Reserve		85595	50402
Grant Account - Capital Reserve		-	-
Investment Fluctuation Reserve		14559	23483
Other Reserve		-	-
Special Reserve		-	-
Balance carried over to Balance Sheet		-9457449	-9699673
	TOTAL	-9357295	-9625788
Significant Accounting Policies	17		
Notes to Financial Statements	18		
(Schedules 1 to 18 form an intergral part of this financial statement)			

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(Pawan Kumar Singh)
Director (DIN 09434830)

Sd/-
(Navneet Kakkar)
ACB Chairman (DIN 03475842)

Sd/-
(R.Viswesvaran)
MD & CEO (DIN 10514859)

Sd/-
(Vandita Kaul)
Chairman (DIN 07854527)

As per our report of even date
For M/s Thakur, Vaidyanath Aiyar & Co
Chartered Accountants - FRN 000038N

Sd/-
(C.S. Karki)
Partner (Membership No. 089896)

Dated: 26.06.2024
Place: New Delhi

INDIA POST PAYMENTS BANK LIMITED
Cash Flow Statement

Particulars	Amount (Rs in 000's)	
	(2023-24)	(2022-23)
A. Cash Flow from Operations		
i) Net Profit After Tax	342378	201609
Add: Provision for Tax (including deferred Tax)	576348	58267
Profit before Tax	918726	259876
ii) Adjustments:		
Depreciation on Fixed Assets	914672	274665
Incorporation Expenses Written Off	-	-
Prior Period Item Written Off	-	-
Less: Net Amount Utilized from Grants	-	2466
Total Adjustments	914672	272199
Operating profit before changes in Operating Assets & Liabilities	1833398	532075
iii) Adjustments for net change in Operating Assets & Liabilities		
Decrease/ (Increase) in Investments (Net)	-42402647	-16982983
Decrease/ (Increase) in Other Assets (Net)	-3555209	-1602766
Decrease/ (Increase) in Advances	98	15522
(Decrease)/ Increase in Deposits (Net)	52598335	26006367
(Decrease)/ Increase in Borrowings (Net)	-	-
(Decrease)/ Increase in Other Liabilities (Net)	4979710	982125
Total adjustment for net change in Operating Assets & Liabilities	11620287	8418265
Cash Flow used from Operations (i)+(ii)+(iii)	13453685	8950340
Tax Paid	-	-
Net Cash Flow used from Operations	13453685	8950340
B. Cash Flow used in Investing Activities		
Purchase of Fixed Assets	-4010377	-82400
Net Cash Flow used in Investing Activities	-4010377	-82400
C. Cash Flow generated from Financing Activities		
Issue of Share Capital	2500000	2000000
Receipt of Share Application Money		2000000
Net Cash Generated from Financing Activities	2500000	4000000
Net Changes in Cash & Cash Equivalent (A)+(B)+(C)	11943308	12867940
Cash and Cash Equivalent at the beginning of the year		
Cash and Balance with RBI	6262034	2672807
Balance with Banks & Money at Call & Short Notice	19009366	9730653
	25271400	12403460
Cash and Cash Equivalent at the end of the year		
Cash and Balance with RBI	7265033	6262034
Balance with Banks & Money at Call & Short Notice	29949675	19009366
	37214708	25271400
	11943308	12867940

(Schedules 1 to 18 form an intergral part of this financial statement)

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(Pawan Kumar Singh)
Director (DIN 09434830)

Sd/-
(Navneet Kakkar)
ACB Chairman (DIN 03475842)

Sd/-
(R.Viswesvaran)
MD & CEO (DIN 10514859)

Sd/-
(Vandita Kaul)
Chairman (DIN 07854527)

As per our report of even date
For M/s Thakur, Vaidyanath Aiyar & Co
Chartered Accountants - FRN No. 000038N

Sd/-
(C.S. Karki)
Partner (Membership No.089896)

Dated: 26-06-2024
Place: New Delhi

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

<u>SCHEDULE 1 - CAPITAL</u>	<u>(in Rs 000')</u>	
	<u>As at 31.03.2024</u>	<u>As at 31.03.2023</u>
Authorised Capital		
235,50,00,000 Equity Shares of Rs 10 each (Previous Year 185,50,00,000 Equity Shares of Rs 10 each)	23550000	18550000
Issued & Subscribed		
210,50,00,000 Equity Shares of Rs 10 each (Previous Year 165,50,00,000 Equity Shares of Rs 10 each)	21050000	16550000
Paid up Capital		
210,50,00,000 Equity Shares of Rs 10 each (Previous Year 165,50,00,000 Equity Shares of Rs 10 each)	21050000	16550000
TOTAL	21050000	16550000
<hr/>		
SCHEDULE 2 - RESERVES & SURPLUS		
I. Statutory Reserve		
Opening Balance	55956	5554
Addition during the year	85595	50402
Deduction during the year	-	-
	-----	-----
	141551	55956
II. Capital Reserve		
a. Revaluation Reserve		
Opening Balance	-	-
Addition during the year	-	-
Deduction during the year	-	-
	-----	-----
	-	-
b. Others (Grant A/c)		
Opening Balance	-	2466
Addition during the year	-	-
Deduction (Utilised) during the year	-	2466
	-----	-----
	-	-
III. Revenue and Other Reserve		
a. Investment Fluctuation Reserve		
Opening Balance	23483	-
Addition during the year	14559	23483
Less: Trf to P & L Account	-	-
	-----	-----
	38042	23483
b. Other Reserve		
Opening Balance	-	-
Addition during the Year	-	-
	-----	-----
	-	-
c. Exchange Fluctuation Reserve		
Opening Balance	-	-
Add: Addition during the year (Net)	-	-
Less: Withdrawn during the year (Net)	-	-
	-----	-----
	-	-
IV. Share Premium		
Opening Balance	-	-
Addition during the Year	-	-
	-----	-----
	-	-
V. Special Reserve		
Opening Balance	-	-
Addition during the Year	-	-
Deduction during the Year	-	-
	-----	-----
	-	-
VI. Balance in Profit & Loss Account	-9457449	-9699673
Total I to VI	-9277856	-9620234
	=====	=====

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)
(in Rs 000')

SCHEDULE 3 - DEPOSITS	As at 31.03.2024	As at 31.03.2023
A. I DEMAND DEPOSITS		
(i) From Banks	-	-
(ii) From Others	208495	209974
	208495	209974
II SAVINGS BANK DEPOSITS	115313425	62713611
III TERM DEPOSITS		
(i) From Banks	-	-
(ii) From Others	-	-
	-	-
TOTAL of I, II, III	115521920	62923585
	=====	=====
B. (i) Deposits of branches In India	115521920	62923585
(ii) Deposits of branches outside India	-	-
	-	-
TOTAL of i, ii	115521920	62923585
	=====	=====
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
II. Borrowings Outside India	-	-
	-	-
TOTAL of I, II	-	-
	=====	=====
Secured Borrowings included in I & II above	-	-
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interest accrued	-	-
IV. Others (including Provisions)	9333564	4353854
	9333564	4353854
TOTAL OF I to IV	9333564	4353854
	=====	=====
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including Foreign Currency Notes)	-	-
II. Balance with Reserve Bank of India		
(i) in Current account	6505033	2972034
(ii) in Other Accounts	760000	3290000
	7265033	6262034
TOTAL OF I, II	7265033	6262034
	=====	=====

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)
(in Rs 000')

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE	As at 31.03.2024	As at 31.03.2023
I. In India		
(i) Balance with Banks:		
(a) In Current accounts	12375	18047
(b) In Other Deposit accounts	29937300	16393500
	29949675	16411547
(ii) Money at Call and Short Notice:		
(a) with Banks	-	-
(b) with Other Institutions	-	2597819
	-	2597819
TOTAL (i & ii)	29949675	19009366
II. Outside India		
(i) In Current accounts	-	-
(ii) In Other Deposit accounts	-	-
(iii) Money at Call & Short Notice	-	-
	-	-
TOTAL (i , ii & iii)	-	-
GRAND TOTAL (I & II)	29949675	19009366

SCHEDULE 8 - INVESTMENTS

I. Investments in India in		
(i) Government Securities	88394493	45991846
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and Bonds	-	-
(v) Investment in Subsidiaries/ Joint Ventures	-	-
(vi) Others (Mutual Funds & Commercial Paper etc.)	-	-
TOTAL of I	88394493	45991846
II. Investments outside India		
(i) Government Securities (including local authorities)	-	-
(ii) Investment in Subsidiaries/ Joint Ventures abroad	-	-
(iii) Other investments	-	-
	-	-
TOTAL of II	-	-
GRAND TOTAL of (I), (II)	88394493	45991846

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

SCHEDULE 9 - ADVANCES	('in Rs 000')	
	As at 31.03.2024	As at 31.03.2023
A. i) Bills Purchased and discounted	-	-
ii) Cash Credits, overdrafts and loans repayable on demand	-	-
iii) Term Loans (Staff)	-	98
Total	----- - =====	----- 98 =====
B. i) Secured by Tangible Assets (including advances against book debts)	-	-
ii) Covered by Bank/Govt. Guarantees	-	-
iii) Unsecured	-	98
Total	----- - =====	----- 98 =====
C. (I) Advances in India		
i) Priority Sector	-	-
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	-	98
Total	----- - =====	----- 98 =====
C. (II). Advances outside India		
i) Due from banks	-	-
ii) Due from others		
(a) Bills purchased & discounted	-	-
(b) Term Loans	-	-
(c) Others	-	-
Total	----- - =====	----- - =====
GRAND TOTAL of C (I) & C (II)	----- - =====	----- 98 =====

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

		('in Rs 000')	
SCHEDULE 10 - FIXED ASSETS		As at 31.03.2024	As at 31.03.2023
I. Premises (including Land)			
-At cost as on 31st March of the preceeding year	-	-	
-Additions during the year	-	-	
Less :Deductions during the year	-	-	
Less :Depreciation to date	-	-	
II. Other Fixed Assets (including furniture & fixtures)			
-At cost as on 31st March of the preceeding year	1481382	1440292	
-Additions during the year*	3344895	76107	
Less :Deductions during the year	4575	35017	
Less :Depreciation to date	1743573	921780	
	3078129		559602
III. Computer Software			
-At cost as on 31st March of the preceeding year	1785099	1778781	
-Additions during the year	669358	6318	
Less :Deductions during the year	-	-	
Less :Depreciation to date	1840434	1748254	
	614023		36845
<i>* including extended warranty on devices</i>			
TOTAL OF I, II & III	3692152		596447
SCHEDULE 11 - OTHER ASSETS			
I. Inter-office adjustments (net)	-	-	
II. Interest accrued	1157752	341840	
III. Tax paid in advance/tax deducted at source (net of provisions)	174693	41180	
IV. Stationery and Stamps	-	-	
V. Non Banking assets acquired in satisfaction of claims	-	-	
VI. Deferred Tax asset (net)	1524345	1808332	
VII. Security Deposits	104493	52466	
VIII. DOP Capital Commitment	39327	39133	
IX. Receivable from DoP under IT 2.0	952221	1081290	
X. Receivable from NPCI & Vendors	2815	6001	
XI. Others	3370629	977172	
TOTAL of I to XI	7326275		4347414
SCHEDULE 12 - CONTINGENT LIABILITIES			
I. Claims against the Bank not acknowledged as debts	623291	636	
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			
i) Disputed Tax Liabilities	17183	-	
ii) Others	2500	2500	
TOTAL of I to VI	642974		3136
<i>(refer point no 28 of Schedule 18)</i>			

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)
(in Rs 000')

SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED	Year ended 31.03.2024	Year ended 31.03.2023
I. Interest/discount on Advances/Bills	3	454
II. Income on Investments	4418319	2063269
III. Interest on balances with Reserve Bank of India & other inter-bank funds	1657437	726356
IV. Others	-	443
TOTAL of I to IV	6075759 =====	2790522 =====

SCHEDULE 14 - OTHER INCOME

I. Commission, Exchange & Brokerage	6535713	4788673
II. Profit on sale of Investments	19286	23525
Less: Loss on sale of Investments	4727	42
	----- 14559	----- 23483
III. Profit on Revaluation of Investments	-	-
Less: Loss on Revaluation of Investments	-	-
	----- -	----- -
IV. Profit on sale of land, buildings and other assets	447	8399
Less: Loss on sale of land, buildings and other assets	403	3
	----- 44	----- 8396
V. Profit on Exchange Transaction	-	-
Less: Loss on Exchange Transaction	-	-
	----- -	----- -
VI. Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
VII. Recruitment Income	8059	3944
VIII. Recovery from employees on Separation	863	3867
IX. Miscellaneous Income	17912	42617
TOTAL of I to IX	6577150 =====	4870980 =====

SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)
(in Rs 000')

SCHEDULE 15 - INTEREST EXPENDED	Year ended 31.03.2024	Year ended 31.03.2023
I. Interest on Deposits	1561327	934406
II. Interest on Reserve Bank of India/ inter-bank borrowings	136033	5810
III. Others	-	-
TOTAL of I, II, III	1697360 =====	940216 =====
SCHEDULE 16 - OPERATING EXPENSES		
I. Payment to and provisions for employees	3727573	2728429
II. Rent, Taxes and Lighting	9217	6588
III. Printing & Stationery	81179	31761
IV. Advertisement & Publicity	12972	32183
V. Depreciation on Fixed Assets	914672	274665
VI. Directors' Fees, allowances and expenses	13193	3842
VII. Auditors' fees and expenses	1164	1266
VIII. Law charges	496	115
IX. Postage, Telegrams, Telephones, etc.	649922	520660
X. Repairs & Maintenance	62120	26516
XI. Insurance	126209	90538
XII. Professional Fee	27828	34021
XIII. GST Expenses	212633	130303
XIV. SI Cost	791015	363740
XV. Recruitment Expenditure	22354	4257
XVI. Training Expenditure	25275	9313
XVII. Outsourcing Expenses	157011	116167
XVIII. Travelling and Conveyance	95132	75516
XIX. Commission paid to DoP/ Incentive to BC	1471008	1157394
XX. Transactional Charges Paid	1559719	804226
XXI. Other expenditure	76131	49910
TOTAL of I to XXI	10036823 =====	6461410 =====

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

1. Background and nature of operations

India Post Payments Bank (IPPB) was setup under the Department of Post, Ministry of Communication with 100% equity owned by Government of India. The fundamental mandate of IPPB is to become the most accessible, affordable and trusted bank for the common man in India, removing barriers for the unbanked and reducing opportunity cost to the underbanked, and in doing so, promote the adoption of cashless transactions in a predominantly cash economy.

The Bank was incorporated on 17th August 2016 under Companies Act 2013. The bank received Payment Bank license as required under Section 22(1) of Banking Regulation Act, 1949 on 20th January 2017. IPPB was launched as a pilot project on 30 January 2017 at Ranchi (Jharkhand) and Raipur (Chhattisgarh). IPPB has expanded its strength across India covering post offices, through a network of 1 Branch and 649 Banking Outlets .

The Bank is engaged in providing various type of financial services to the rural, poor and underserved and unserved class to help them be economically self-reliant. Bank offers services such as current and savings accounts, remittances, business correspondent, door step banking, citizen centric services, mobile banking, AEPS, bill payments, and Third party product distribution.

As the Payments Bank cannot lend to any person except their own employees, accordingly, all the disclosures pertaining to advances have not been made.

The bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR. NBD. (PB- IPPB). No. 9980 /16.13.215/ 2018-19 dated May 27, 2019 and published in the Gazette of India (Part III - Section 4) dated June 22- June 28, 2019.

The Financial Statement is presented in Indian Rupees in thousands ('in Rs.000') and in the format as prescribed under Banking Regulation Act, 1949

2. Basis of Preparation:

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, statutory requirement prescribed under Banking Regulation Act 1949, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting

Standards (AS) issued under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year unless otherwise stated.

3. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as on date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Any revision to the accounting estimates is recognised prospectively.

4. Revenue Recognition

Revenue is recognised when reasonable right of recovery is established and when no significant uncertainty exists regarding realisation of consideration.

- 4.1 Interest income are recognised on an accrual basis. Interest income on discounted instrument is recognised over the tenure of the instrument.
- 4.2 Commission income & Service charge is recognised on completion of provision of services.
- 4.3 All other income is accounted on realisation basis
- 4.4 Interest and operating expenses are accounted on accrual basis.

5. Investments

5.1 Classification

In accordance with the RBI guidelines on investment classification and valuation, all investments are classified as "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and Held to Maturity ("HTM") at the time of its purchase. Investments are further classified under six groups (a) Government Securities (b) Other Approved Securities (c) Shares (d) Debentures and Bonds, (e) Investments in Subsidiaries Joint Ventures (f) Other Investments for the purposes of disclosure in the Balance Sheet.

5.2 Basis of Classification

Securities that are principally acquired with the intention to sell within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in above categories are classified under AFS category.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions of securities, except in the case of equity shares where 'Trade Date' accounting is followed

5.3 Acquisition Cost

- a. Brokerage, commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and are recognised in the Profit and loss account and excluded from cost.
- b. The broken period interest paid to the seller not been capitalised as part of cost and treated as an item of expenditure under Profit & Loss account in respect of investment in government securities and approved securities.
- c. Cost is determined on the weighted average cost method for all categories of investment.

5.4 Valuation

Investments classified under AFS and HFT categories are mark to market as per RBI/FBIL guidelines

Treasury Bill being discounted instrument are valued at carrying cost.

Investments classified under HTM category are carried at their acquisition cost and is not marked to market. If acquisition cost is more than face value, the premium arising out of difference between face value and acquisition cost shall be amortised over the period remaining to maturity. (a) The amortised amount shall be reflected in 'Schedule 13 – Interest Earned: Item II – Income on Investments', as a deduction. (b) The book value of the security shall continue to be reduced to the extent of the amount amortised during the relevant accounting period

Equity shares valued at market price, if quoted, otherwise at breakup value of the Shares on the basis of latest available Balance Sheet.

Net depreciation in the value, compared to the Book Value, if any in the six groups as per balance sheet classification, is charged to the Profit and Loss account. The net appreciation if any is ignored.

REPO and REVERSE REPO transactions

As per RBI guidelines, REPO and Reverse REPO transactions in government securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted as interest income.

5.5 Disposal of Investment

Profit or loss on sale of investments in any category is taken to Profit and Loss account but, in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount (net of taxes and amount required to be transferred to Statutory Reserve) is appropriated to "Capital Reserve Account"

6 Fixed Assets

Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalised only when it increases the future benefits from such assets or their functioning capability.

- 6.1 Fixed assets are stated at historical cost less accumulated depreciation/amortisation, wherever applicable.
- 6.2 Software is capitalized and clubbed under Intangible assets (Computer Software) in Fixed Assets schedule.
- 6.3 DEPRECIATION
Depreciation is being charged over the estimated useful life (as mentioned in the table) of the asset on a straight-line basis leaving residual value of Re. 1
- A. Since no rates of depreciation on fixed assets have been prescribed by the Banking Regulation Act, 1949, the provisions of Schedule II to the Companies Act, 2013 is followed by IPPB

Asset	Estimated useful life specified under Schedule II of the Companies Act, 2013
Owned Premises	60 years
Computers (including Mobile Phones, Biometric Devices and Software*)	3 years
Servers, routers, network and related IT equipment	6 years
Automated Teller Machines ('ATMs')	15 years
Electrical equipment	10 years
Office equipment	5 years
Furniture and fittings	10 years
Motor Vehicles	8 years

* Software are being depreciated as per the above estimated life instead of the period of the licence

- B. In case of acquisition or disposal of assets, depreciation is charged proportionately based on the number of days the asset has been used during the year.
- C. Assets costing up to Rs.5,000/- are fully depreciated in the year of purchase except devices used by BCs such as Mobile Phones and Biometric Devices.
- D. Fixed Assets purchased out of Government Grant is fully depreciated in the year of acquisition leaving residual value of Re.1.
- E. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

7 Employee Benefits

The salary structure for officers in various scale at India Post Payments Bank (IPPB) is governed by the service rules of Bank. The remuneration is in line with the salary structure followed by Public Sector Banks.

Employees on deputation at IPPB are governed by the Bank's Deputation Policy and the Department of Personnel and Training (DOPT) guidelines. The employees on deputation have the option to choose between Pay at their parent Organisation and IPPB Pay.

The remuneration offered to MD& CEO who is considered as the material risk taker includes fixed pay in line with 7th CPC and variable pay as approved by the Board. The salary adheres to the Department of Personnel and Training (DOPT) guidelines and is approved by the RBI.

Regular employees are covered in the group medical insurance, group term insurance and group accident insurance schemes.

Terminal Benefits

- i) Provident Fund: All eligible employees who joined up to 30.09.2018 are covered under the Employees Provident Fund. Provident Fund is a Defined Contribution Plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense. These contributions are remitted to EPFO.
- ii) New Pension Scheme (NPS): All eligible employees who joined on or after 01.10.2018 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance which is increased to 14% w.e f 11.11.2020. The expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

- iii) **Gratuity:** The Bank provides gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or on resignation or on cessation of employment, for an amount equivalent to 15 days' basic salary payable for each completed year of service, subject to a maximum prescribed as per The Payment of Gratuity Act 1972. Vesting occurs upon completion of five years of service.

- iv) **Compensation for absence on Privilege Leave:** The employees of the bank are entitled to compensated absence on account of privilege leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation.

8 Taxes on Income

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognised by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognised in the profit and loss account. Deferred tax assets are recognised and re-assessed at each reporting date, based upon management's judgment as to whether their realisation is considered as reasonably/virtually certain.

9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Contingent Assets are not recognised in the financial statements.

10 Accounting for Government Grants

As per the mandate, the grant has been sanctioned by the Government for purpose of furthering financial inclusion by India Post Payments Bank Ltd through provision of ATMs/Micro-ATMs/PoS and for emerging technologies solution for providing cash-out facilities, capacity building of village post offices, strengthening cash management systems at village post offices, and conducting financial literacy camps. Board in terms of resolution dated July 17, 2017 approved broad guidelines and patterns for utilization of Grant. Accordingly, the Grant received has been treated as shareholders fund and credited to capital reserves. As such, the bank is adopting the Capital Approach method as per AS-12 on Government Grants. The Grant is utilised as per Board approved policy.

11 Impairment of Assets

The carrying amounts of assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

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

12 Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the terms of the lease.

SCHEDULE 18

NOTES TO ACCOUNTS

1. Regulatory Capital

a. Composition of Regulatory Capital

(Rs in 000's)

S No.	Particulars	31.03.2024	31.03.2023
i.	Common Equity Tier I Capital*	9595734	5061106
ii.	Additional Tier 1 capital/ Other Tier 1 capital	-	-
iii.	Tier 1 capital (i + ii)	9595734	5061106
iv.	Tier 2 capital	38042	23483
v.	Total capital (Tier 1+Tier 2)	9633776	5084589
vi.	Total Risk Weighted Assets (RWAs)	17561850	8926679
vii.	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	54.64	56.70
viii.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	54.64	56.70
ix.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.22	0.26
x.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	54.86	56.96
xi.	Leverage Ratio	13.01	13.29
xii.	Percentage of the shareholding of the Government of India in the Bank	100.00%	100.00%
xiii.	Amount of equity capital raised during the year	4500000	2000000
xiv.	Amount of Additional Tier 1 Capital raised, of which:	Nil	Nil
	Perpetual Non-Cumulative Preference Shares (PNCPS) Perpetual Debt Instrument (PDI)	Nil	Nil
xv.	Amount of Tier 2 capital raised, of which:	Nil	Nil
	Debt Capital Instruments:	Nil	Nil
	Preference Share Capital Instruments: (Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPS) / Redeemable Cumulative Preference Shares (RCPS))		

* After deducting Grant, Deferred Tax Assets and Computer Software.

Note: As per RBI guidance note DOR.ORG.REC.21/ 14.10.001/ 2024-25 Dated 30.04.2024 on "Guidance Note on Operational Risk Management and Operational Resilience", Payments Bank are presently not required to maintain a separate regulatory capital for operational risk. Accordingly, Bank's capital adequacy position shall be computed & reported as per the regulatory reporting format i.e. Return on Capital adequacy as per Basel 1 norms (RCA 1) which includes capital charge for trading book - market risk and banking book – credit risk only. As such, Risk Weighted Assets and CRAR are reported above are as per Basel 1 guidelines.

b. Drawdown from Reserves

There was no amount withdrawn from Reserves during the FY 2023-24 and FY 2022-23

c. Appropriation to Reserves

- **Statutory Reserve** – As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty-five per cent of such profit. Accordingly, Bank has transferred an amount of Rs.8.56 crore from current year Net profit (Previous Year: Rs. 5.04 crore).
- **Investment Fluctuation Reserve (IFR)** – Reserve Bank of India vide circular DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 advised banks to create an Investment Fluctuation Reserve (IFR) with effect from FY 2018-19. Accordingly, an amount not less than the lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations shall be transferred to the IFR, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis. During the year ended March 31, 2024, Bank has transferred an amount of Rs.1.46 crore to IFR (Previous Year: Rs.2.35 crore). IFR as on March 31, 2024 constitutes 0.04% (Previous Year: 0.05%) of closing balance of investments under AFS and HFT category.

2. Investments

a) Composition of Investment Portfolio

As at 31st March 2024

Rs in 000's

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	100983	0	0	0	0	0	100983	0	0	0	0	100983
Less: Provision for non-performing investments (NPI)	0	0	0	0	0	0	0	0	0	0	0	0
Net	100983	0	0	0	0	0	100983	0	0	0	0	100983
Available for Sale												
Gross	87793815	0	0	0	0	0	87793815	0	0	0	0	87793815
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	87793815	0	0	0	0	0	87793815	0	0	0	0	87793815
Held for Trading												
Gross	499695	0	0	0	0	0	499695	0	0	0	0	499695
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	499695	0	0	0	0	0	499695	0	0	0	0	499695
	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	88394493	0	0	0	0	0	88394493	0	0	0	0	88394493
Less: Provision for non-performing investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	88394493	0	0	0	0	0	88394493	0	0	0	0	88394493

As at 31st March 2023

Rs in 000's

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	101950	0	0	0	0	0	101950	0	0	0	0	101950
Less: Provision for non-performing investments (NPI)	0	0	0	0	0	0	0	0	0	0	0	0
Net	101950	0	0	0	0	0	101950	0	0	0	0	101950
Available for Sale												
Gross	45889896	0	0	0	0	0	45889896	0	0	0	0	45889896
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	45889896	0	0	0	0	0	45889896	0	0	0	0	45889896
Held for Trading												
Gross	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for non-performing investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	45991846	0	0	0	0	0	45991846	0	0	0	0	45991846

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Rs in 000's

Sl. No.	Particulars	Current Year	Previous Year
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		
a.	Opening Balance	23483	-
b.	Add: Amount transferred during the year	14559	23483
c.	Less: Draw down	-	-
d.	Closing Balance	38042	23483
iii)	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	0.04%	0.05%

c) Sale and transfers to/from HTM category

During the year ended 31st March 2024, there was no transfer of investments to/from HTM category and there was no sale of Investments from HTM category. (No transfer of investments to/from HTM category and no sale of Investments from HTM category during the year ended 31st March 2023).

d) Non-SLR Investment Portfolio**i) Non-performing Non-SLR Investments**

The Bank is not holding any Non-Performing Non-SLR Investments as on 31st March 2024 and as such, nothing is to be reported under this segment. (The Bank did not hold any Non-Performing Non SLR Investments as on 31st Mar 2023).

ii) Issuer composition of Non SLR Investments

(Rs in 000's)						
Sr. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
(i)	PSUs	Nil	Nil	Nil	Nil	Nil
(ii)	FIs	Nil	Nil	Nil	Nil	Nil
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others	Nil	Nil	Nil	Nil	Nil
(vii)	Provision held towards depreciation	Nil				
	Total	Nil	Nil	Nil	Nil	Nil

e) Repo Transactions (in face value terms)

FY 2023-24

Rs in 000's

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2024
Securities sold under repo				
i. Government securities	-	8401531	2061144	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	12683745	400168	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

FY 2022-23

Rs in 000's

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2023
Securities sold under repo				
i. Government securities	-	2620845	109421	-
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	4256217	491544	2651550
ii. Corporate debt securities	-	-	-	-
iii. Any other securities	-	-	-	-

3. Derivatives

- a. Forward rate agreement/ Interest rate swap
- b. Exchange traded interest rate derivatives
- c. Disclosure on risk exposure in derivatives
- d. Credit Default Swaps

The Bank has not done any transactions in Derivatives and as such, nothing is to be reported in this segment. There are no transactions under this segment in the previous year also.

4. Asset Quality

- a. Classification of advances and provisions held.
- b. Sector wise Advances and Gross NPAs
- c. Overseas assets, NPAs and revenue
- d. Particulars of resolution plan and restructuring
- e. Divergence in asset classification and provisioning
- f. Disclosure of transfer of loan exposures
- g. Fraud accounts
- h. Disclosure under Resolution Framework for COVID-19 related Stress

The Bank falls under the category of "Payments Bank" and is not allowed to do Lending. As such, disclosures requiring Assets Quality including Non-Performing Advances, Restructuring, Divergence and Fraud accounts are not applicable to the Bank.

5. Exposures

The following details are required under Exposure Disclosure

- a. Exposure to real estate sector
- b. Exposure to capital market
- c. Risk category-wise country exposure
- d. Unsecured advances
- e. Factoring exposures
- f. Intra-group exposures
- g. Unhedged foreign currency exposure

The Bank falls under the category of "Payment Banks" and is not allowed to do Lending. As such, disclosures relating to Exposure is not applicable

6. Disclosure of penalties imposed by RBI:

RBI has not imposed any penalty on the Bank during the year ended 31st March, 2024. (RBI had not imposed any penalty on the Bank during the year ended 31st March 2023).

7. Depreciation on Fixed Assets:

Break up of Total Depreciation for each class of the assets

(Rs in 000's)

Class of Assets	31.03.2024	31.03.2023
Computer Software	92180	53459
Other Fixed Assets	822492	221206
Total	914672	274665

8. Asset Liability Management

a. Maturity pattern of certain items of Assets and Liabilities

(Rs in 000)						
Maturity Pattern	Deposits	Advances	Investment	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Next Day	1706743	NIL	NIL	NIL	8346	8346
	913757				4110	4110
2-7 days	4832321	NIL	3725892	NIL	NIL	NIL
	2558134		NIL			
8-14 days	5519401	NIL	748657	NIL	NIL	NIL
	2840073		1547079			
15-30 days	6457552	NIL	3469751	NIL	NIL	NIL
	3154732		1095596			
31 days to 2 months	4958477	NIL	7629030	NIL	NIL	NIL
	603065		3822346			
Over 2 months to 3 months	5050728	NIL	4761219	NIL	NIL	NIL
	709763		8695600			
Over 3 months to 6 months	NIL	NIL	38023317	NIL	NIL	NIL
	4115		13098223			
Over 6 months to 1 Year	NIL	NIL	29411493	NIL	NIL	NIL
			17631052			
Over 1 Year to 3 Years	86996698	NIL	621411	NIL	NIL	NIL
	52139946		101950			
Over 3 Years to 5 Years	NIL	NIL	3723	NIL	NIL	NIL
			NIL			
Over 5 Years	NIL	NIL	NIL	NIL	NIL	NIL
			NIL			
Total	115521920	NIL	88394493	NIL	8346	8346
	62923585		45991846		4110	4110

Figures given in the cell below are for the previous financial year.

Note:

- Deposits: In line with the RBI guidelines on Asset Liability Management, the withdrawal pattern of the Current / Savings deposit as on 31st March 2024 has been classified in the appropriate buckets on the basis of behavioural study approved by the Board of the Bank.
- Investments / Advances / Borrowings: These are bucketed as per the respective residual maturity pattern.

b. Liquidity Coverage Ratio (LCR)

The disclosure regarding Liquidity Coverage Ratio is not applicable for Payments Bank as per the RBI circular on Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) issued vide RBI/2019-20/217/DOR.BP.BC.No.65/21.04.098/2019-20 dated 17th April 2020.

c. Net Stable Funding Ratio (NSFR)

The disclosure regarding Net Stable Funding Ratio is not applicable for Payments Bank as per the RBI circular on Basel III Framework on Liquidity Standards – Net Stable Funding Ratio (NSFR) issued vide RBI/2020-21/95/DOR.No.LRG.BC.40/21.04.098/2020-21 dated 5th February 2021.

9. The Effects of changes in Foreign Exchange Rates – Accounting Standard 11

Bank has entered into agreement with M/s. Continental Exchange Solutions Inc. (Ria Financial Services) and M/s. Western Union Financial Services Inc. USA under Money Transfer Service Scheme (MTSS). In this connection, Bank had received a collateral deposit in Foreign Currency. This amount is kept with State Bank of India and is shown under “Current Deposits with Banks”. The corresponding liability is shown under “Other Liabilities – Others”. Conversion to INR is made as per FEDAI guidelines.

The corresponding INR value is as below

Particulars	(Rs in 000)	
	31.03.2024	31.03.2023
Collateral Deposit under MTSS	8346	4110

10. Government Grants Utilization – Accounting Standard 12

Bank has not received Grant-in-aid during FY 2023-24 and FY 2022-23. There was no unutilised amount of Grant-in-aid as on 31.03.2024 and 31.03.2023.

11. Employee Benefits – Accounting Standard 15

A) Gratuity:

During the year, Bank has purchased annuities worth Rs.6.79 crore from Life Insurance Corporation of India based on actuarial valuation as on 31st December 2023 (Rs 4.60 crore during FY 2022-23). Bank has further made a provision of Rs.10.67 crore for Gratuity based on actuarial valuation as on 31st March 2024. The total amount of

Rs.17.46 crore is charged to Profit and Loss account during FY 2023-24 (Rs 4.60 crore during FY 2022-23)

B) Leave Encashment:

During the year, Bank has made a provision of Rs.18.81 crore for encashment of Privilege Leave by employees based on actuarial valuation. This amount is charged to Profit and Loss account during FY 2023-24. (Rs.18.94 crore during FY 2022-23)

The summarized position of various defined benefits recognized in the profit and loss account and balance sheet alongwith the funded status are as under:

a. **Changes in the present value of obligations**

Particulars	(Rs. in 000's)			
	Gratuity		Leave Encashment	
	2023-24	2022-23	2023-24	2022-23
Present Value of Obligation as at the beginning of the year	400090	-	470736	338130
Liability Transfer In/(Out)	-	-	-	-
Interest Cost	30087	-	35399	24886
Past Service Cost	-	360182	-	-
Current Service Cost	34479	39908	105854	94838
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Benefits paid	(9692)	-	(64238)	(56823)
Actuarial (gain)/ loss on obligations	74288	-	46854	69705
Present Value of Obligation as at the end of the year	529252	400090	594605	470736

b. **Change in the fair value of plan assets:**

Particulars	(Rs. In 000's)			
	Gratuity		Leave Encashment	
	2023-24	2022-23	2023-24	2022-23
Fair value of plan asset at the beginning of year	413160	NA	-	-
Asset Transfer In/(Out)	-	-	-	-
Expected Return on Plan Assets	28012	NA	-	-
Employers' Contributions	64993	NA	64238	56824
Benefit Paid	(9692)	NA	(64238)	(56824)
Actuarial Gain /(loss) on Plan Assets	4139	NA	-	-
Fair value of plan assets at the end of year	500612	413160	-	-

c. Expenses recognized in Profit and Loss Account

Particulars	(Rs. In 000's)			
	Gratuity		Leave Encashment	
	2023-24	2022-23	2023-24	2022-23
Current Service Cost	34479	39908	105854	94838
Past Service Cost	-	360182	-	-
Interest Cost	30087	-	35399	24886
Expected Return on Plan Assets	(28012)	-	-	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net actuarial (gain)/ loss recognized in the year	70149	-	46855	69705
Expenses Recognized in the statement of Profit & Loss	106703	400090	188108	189429

d. The amount recognized in the Balance Sheet

Particulars	(Rs. In 000's)			
	Gratuity		Leave Encashment	
	2023-24	2022-23	2023-24	2022-23
Present Value of Obligation as at the end of the year	529,252	400090	594605	470736
Fair Value of Plan Assets as at the end of the year	500,612	413160	-	-
Funded Status	(28640)	13070	(594605)	(470736)
Unrecognized Actuarial (gains) / losses	-	-	-	-
Net Asset / (Liability) Recognized in Balance Sheet	(28640)	13070	(594605)	(470736)

e. Actuarial Assumptions

Principal assumption used for actuarial valuation are:

Particulars	Gratuity		Leave Encashment	
	2023-24	2022-23	2023-24	2022-23
	Discount Rate	7.23%	7.52%	7.23%
Rate of increase in Compensation levels	10%	10%	10%	10%
Rate of Return on Plan Assets	6.78%	NA	NA	NA
Average future service (in Years)	24.10	25.11	24.10	25.11

12. Related Party Disclosures – Accounting Standard 18

Remuneration paid to Key Management Personnel

(Rs in 000)

Particulars	FY 2023-24	FY 2022-23
Remuneration paid to Directors	5505	1070
Remuneration paid to MD & CEO	7921	7083
Remuneration paid to CFO	3760	3258
Remuneration paid to Company Secretary	2064	1928

As per para 9 read together with para 10.13 of AS-18 issued by ICAI regarding no disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises, hence transactions made between IPPB with DoP is not required to be disclosed however, major transactions/ nature of transactions with DoP is disclosed under Para 35 below.

13. Segment Reporting – Accounting Standard 17

In terms of the AS-17 (Segment Reporting) issued by Institute of Chartered Accountants of India and RBI circular Ref. DBOD.No. BP.BC.81/21.04.018/2006-07 dated 18 April 2007 read with DBR.BP.BC No.23/21.04.018/2015-16 dated 01 July 2015 and amendments thereto, the Business Segments, which is the Primary Segment include:

- Treasury Operations
- Retail Banking Operations

Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.

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

(Rs in 000)

Part A: Business Segments			
S No	Particulars	Year Ended 31.03.2024	Year Ended 31.03.2023
i.	Segment Revenue		
	a) Treasury	1090203	897750
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	11562706	6763752
	d) Other Banking Operations	NIL	NIL
	Total	12652909	7661502
ii.	Segment Results		
	a) Treasury	81086	30849
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	837640	229027
	d) Other Banking Operations	NIL	NIL
	Total	918726	259876
iii.	Unallocated Expenses	NIL	NIL
iv.	Operating Profit	918726	259876
v.	Provisions	576348	58267
vi.	Extraordinary Item (Prior Period Expenditure)	NIL	NIL
vii.	Net Profit	342378	201609
Other Information:			
viii.	Segment Assets		
	a) Treasury	16821705	14250256
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	119805923	61956949
	d) Other Banking Operations	NIL	NIL
	Sub Total	136627628	76207205
	e) Unallocated Assets	NIL	NIL
	Total Assets	136627628	76207205
ix.	Segment Liabilities		
	a) Treasury	11772144	8929766
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	124855484	67277439
	d) Other Banking Operations	NIL	NIL
	Sub Total	136627628	76207205
	e) Unallocated Liabilities	NIL	NIL
	Total Liabilities	136627628	76207205

Part B – Geographic Segments

As the Bank is operating only in India, geographic segment is not required to be reported.

14. Accounting for Leases – Accounting Standard 19

The total amount paid by the Bank under cancellable operating lease for the financial year is Rs.0.15 Cr (Previous year: Rs. 0.22 Cr). The Bank has not entered into any non-cancellable operating lease and financial lease arrangement in the current year and in the previous year.

(Rs in 000)

Particulars	31.03.2024	31.03.2023
The total of future minimum lease payments under non-cancellable operating leases for each of the following periods		
a) Not later than one year	1977	1474
b) Later than one year but not later than five years	4323	-
c) Later than five years	-	-
Total Expected future lease payment	6300	1474
Lease payment recognized in the statement of Profit and Loss for the period	1474	2220

15. Earnings Per Share – Accounting Standard 20

S No.	Particulars	31.03.2024	31.03.2023
A	EPS – Basic/Diluted (in Rs)	0.18	0.13
B	Amount used as numerator Profit/(Loss) (after tax) (Rs in 000)	342378	201609
C	Nominal Value of Share	Rs.10 each	Rs.10 each
D	Weighted average number of equity shares used as the denominator	1932671233	1590890411

16. Accounting for Taxes on Income – Accounting Standard 22

The Bank has recognized deferred tax assets and liability as per accounting policy.

The Deferred Tax Asset on Accumulated losses recognized in FY 2018-19 and FY 2019-20 was reviewed and a considered conservative view has been taken to retain the same after adjusting the profit for the year. Accordingly, the 'carry forward loss' component of Deferred Tax Assets and Liabilities shown below as on 31.03.2024 represents the Deferred Tax Assets recognized in FY 2018-19 and FY 2019-20 as reduced by Profit for FYs 2022-23 and 2023-24

Major components of Deferred Tax Assets are set out below:

(Rs in 000)		
Particulars	31.03.2024	31.03.2023
Deferred Tax Assets		
Carry Forward Loss	1240120	1568877
Provision for Leave Encashment	171718	136149
Depreciation on Fixed Assets	112507	103306
Total	1524345	1808332
Deferred Tax Liabilities		
	-	-
Deferred Tax Assets (Net)	1524345	1808332

17. Accounting for Investments in Associates in Consolidated Financial Statements – Accounting Standard 23

The Bank does not have any Subsidiaries/ Associates and as such, no disclosure is required under this segment.

18. Impairment of Assets – Accounting Standard 28

In the opinion of the Bank's management, there is no indication of the impairment to the assets as on 31st March 2024 to which the Accounting Standard 28 "Impairment of Assets" applies.

19. Disclosure on Status of complaints and unimplemented awards of Banking Ombudsman

Sl No	Particulars	Current Year	Previous Year
Complaints received by the Bank from its customers			
1	No of complaints pending at the beginning of the year	822	271
2	No of complaints received during the Year	37825	16780
3	No of complaints disposed during the year	37354	16229
3.1	Of which, number of complaints rejected by the Bank	3329	422
4	No of complaints outstanding at the end of the year	1293	822
Maintainable complaints received by the Bank from OBOs			
5	Number of maintainable complaints received by the Bank from OBOs	303	205
5.1	Of 5, number of complaints resolved in favour of the Bank by Bos	274	200
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	29	5
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the Bank	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Top grounds of complaints received by the Bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current year (2023-24)					
Internet/Mobile Banking/Electronic Banking	224	30548	196.76%	440	0
Tariff Schedule & Service Charges	7	5216	496.11%	784	0
Others	591	2061	-63.27%	69	0
Total	822	37825	125.42%	1293	0
Previous year (2022-23)					
Internet/Mobile Banking/Electronic Banking	200	10294	-33.41%	224	0
Tariff Schedule & Service Charges	9	875	-18.22%	7	0
Others	62	5611	54.11%	591	0
Total	271	16780	-16.81%	822	0

20. Break up of "Provisions and Contingencies"

Particulars	(Rs in 000)	
	31.03.2024	31.03.2023
Provision towards NPAs (net)	NIL	NIL
Provision towards Standard Assets	NIL	NIL
Provision towards Income Tax	NIL	NIL
Provision towards Deferred Tax	283987	58267
Provision towards Frauds	23500	NIL
Provision towards DoP IT 2.0	268861	NIL
Other Provisions & Contingencies	NIL	NIL
Total	576348	58267

21. Concentration of Deposits, Advances, Exposure and NPAs:

a) Concentration of Deposits:

(Rs in 000)

Particulars	31.03.2024	31.03.2023
Total Deposit of Twenty largest depositors	9232	6164
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	0.0080%	0.0098%

b. Concentration of Advances	The Bank falls under the category of "Payment Banks" and is not allowed to do Lending. As such, disclosures relating to Concentration of Advances/ Exposures/ NPAs and Provision Coverage Ratio is Not Applicable
c. Concentration of exposures	
d. Concentration of NPAs	

22. Transfer to Depositor Education and Awareness Fund (DEAF)

There are no unclaimed deposits, which are matured and outstanding for more than 10 years. As such, no amount was eligible to be transferred to Depositor Education and Awareness Fund (DEAF) during the financial year.

23. Disclosures on Remuneration

A. Qualitative Disclosure

The Nomination Remuneration Committee of the Bank was constituted on 28th June, 2017 in accordance with provisions of Section 178 of the Companies Act, 2013 and rules made thereunder. The Committee has five members with Ms. Jayshree Vrajlal Doshi, Independent Director as Chairman. Key mandate of the Nomination & Remuneration committee is to Recommend appointment of Part-time Chairman, MD & CEO and their terms of appointment and remuneration. Managing Director and Chief Executive Officer (MD&CEO) is considered as Material Risk taker of the Bank.

The current remuneration offered is a competitive package and is designed to attract the required and quality talent. The salary structure for officers in various scale at India Post Payments Bank (IPPB) is governed by the service rules of Bank. The remuneration is in line with the salary structure followed by Public Sector Banks.

Employees on deputation at IPPB are governed by the Bank's Deputation Policy and the Department of Personnel and Training (DOPT) guidelines. The employees on deputation have the option to choose between Pay at their parent Organisation and IPPB Pay.

The remuneration offered to MD& CEO who is considered as the material risk taker includes fixed pay in line with 7th CPC and variable pay as approved by the Board. The salary adheres to the Department of Personnel and Training (DOPT) guidelines and is approved by the RBI.

B. Quantitative Disclosure

Type of Disclosure		Information	FY 2023-24	FY 2022-23
Quantitative Disclosures (covering Whole Time Directors/ Chief Executive Officer/ Material Risk Takers)	a	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	5 (Sitting Fee Rs.2.20 lakhs)	1 (Sitting Fee Rs.0.30 lakhs)
	b	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on/joining bonus made during the financial year. (iii) Details of severance pay, in addition to accrued benefits, if any.	Nil Nil Nil	Nil Nil Nil
	c	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	Nil Nil	Nil Nil
	d	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and nondeferred.	79.21 lakhs (Fixed)	70.83 lakhs (Fixed)
	e	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments. (ii) Total amount of reductions during the financial year due to ex post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil Nil Nil	Nil Nil Nil
	f	Number of MRTs identified.	One	One
		(i) Number of cases where malus has been exercised. (ii) Number of cases where clawback has been exercised. (iii) Number of cases where both malus and clawback have been exercised.	Nil Nil Nil	Nil Nil Nil
General Quantitative Disclosure	g	The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs.1.32 lakhs	Rs.1.24 lakhs

24. Disclosures relating to Securitization

The Bank falls under the category of "Payment Banks" and is not allowed to do Lending. As such, Bank has not undertaken any transactions relating to Securitization.

25. Other Disclosures

a. Business Ratios

Particulars		31.03.2024	31.03.2023
i)	Interest Income as a percentage to Working Funds	5.60%	4.11%
ii)	Non-Interest Income as a percentage to Working Funds	6.06%	7.17%
iii)	Cost of Deposits	2.01%	2.02%
iv)	Net Interest Margin	5.11%	3.59%
v)	Operating Profit as a percentage to Working Funds	0.85%	0.38%
vi)	Return on Assets	0.32%	0.30%
vii)	Business (Deposit plus advances) per employee (Rs in lakhs)	664.68	356.71
viii)	Profit/ (Loss) per employee (Rs in lakhs)	1.97	1.14

- i. For the purpose of computing the ratios, working fund represent the monthly average of total assets (excluding accumulated losses, if any) computing for the reporting dates of Form X submitted to RBI under section 27 of the Banking Regulation Act, 1949.
- ii. Operating Profit is the profit for the year before provisions and contingencies.
- iii. Productivity ratios are based on number of employees as on the end of the financial year.

b. Disclosure in respect of Bancassurance Business

(Rs in 000)

Particulars	FY 2023-24	FY 2022-23
Commission earned from Distribution of Life Insurance Products	175899	141044
Commission earned from Distribution of Non-Life Insurance Products	98035	134839
Commission earned from Distribution of PMJJBY	646	810

c. Marketing & Distribution

(Rs in 000)

Particulars	FY 2023-24	FY 2022-23
Commission earned from Distribution of Mutual Fund Products	116	83
Commission earned from Loan Referral	3087	2163

d. Disclosure regarding Priority Sector Lending Certificates (PSLCs)

The Bank falls under the category of “Payment Banks” and is not allowed to do Lending. As such, disclosures relating to Exposure is not applicable

e. Implementation of IFRS converged India Accounting Standards (Ind AS)

As per RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated February 11, 2016, Implementation of Indian Accounting Standards (Ind AS), Banks were advised that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the Reserve Bank in this regard. Banks in India currently prepare their financial statements as per the guidelines issued by RBI, the Accounting Standards notified under section 133 of the Act and Generally Accepted Accounting Principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs).

RBI vide Notification no DBR.BP.BC.No.29/21.07.001/2018-19 dated 22/03/2019 deferred implementation of Ind AS till further notice. As per guidelines, the Bank is submitting Ind AS proforma to RBI on a half yearly basis. Being a Payments Bank and based on the present business model, IPPB is not expecting any major challenge in implementation of Ind AS.

f. Reward Points of Credit Card & Debit Card

The Bank has not issued any Credit card and it does not have any reward point structure on its Virtual Debit Card. As such, the disclosure regarding Debit/ Credit card is not applicable

g. Payment of DICGC Insurance Premium

(Rs in 000s)

SI No	Particulars	FY 2023-24	FY 2022-23
a.	Payment of DICGC Insurance Premium	82548	50499
b.	Arrears in payment of DICGC premium	-	-

h. Disclosure on amortization of expenditure on account of enhancement in family pension of employees of Banks.

As per the salary structure followed, Bank does not have any liability towards Family pension. As such, this disclosure is not applicable.

i. Dues to Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating delay in payments to Micro and Small enterprises. There is no delay in payments to micro or small enterprise. As such, there is no interest liability.

26. Break up of Major Heads in Financial Statements

Based on RBI “Financial Statements – Presentation and Disclosures Directions 2021 – Disclosure of material items” dated 13th December 2022, the particulars of major heads of items are given below

a. Commission, Exchange and Brokerage (Schedule 14)

Major items included under the subhead “Commission, Exchange and Brokerage” in “Schedule 14 - Other Income” exceeding one percent of Total Income is as below

Rs in 000s

Income from	FY 2023-24	FY 2022-23
Account Management Services	3987151	2422592
Income from AePS	701212	344205
Citizen Services	680001	1184088
Remittance Income	506801	267915
Direct Benefit Transfer	301211	189861
Third Party Distribution	277783	278939

b. Miscellaneous Income (Schedule 14)

There are no items under the subhead “Miscellaneous Income” under the head “Schedule 14 – Other Income” which exceeds one percent of Total Income. Hence, this disclosure is not applicable.

c. Other Expenditure (Schedule 16)

Bank is already disclosing major expenses as separate line item under Schedule 16. As such, there are no items under the subhead “Other Expenditure” under “Schedule 16 – Operating Expenses” which exceeds one percent of Total Expenses. Hence, this disclosure is not applicable.

d. Other Liabilities and Provisions – “Others (including provisions)”

Major items included under the subhead “Others” in “Schedule 5 - Other Liabilities and Provisions” exceeding one percent of Total Assets is as below

Rs in 000s

Particulars	31.03.2024	31.03.2023
Provision for Expenses/ Payable to Vendors	4182588	2311307

e. Other Assets – “Others”

Major items under the subhead “Others” under “Schedule 11 – Other Assets” which exceeds one percent of Total Assets is as below.

Rs in 000s

Particulars	31.03.2024	31.03.2023
NEFT/ RTGS Settlement	2246539	8488

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

The disclosure is not applicable for Payments Banks and as such nothing is required to be reported under this segment.

Other Notes:

28. Description of Contingent Liabilities (Schedule 12)

- a) Claims against the Bank not acknowledged as debts, represents claims filed by certain employees & vendors in the normal course of business.
- b) Disputed Tax Liabilities represents demand w.r.t. GST raised where Bank has filed appeals.
- c) Others represents the amount of Bank Guarantee issued by State Bank of India on behalf of IPPB favouring Unique Identification Authority of India (UIDAI) valid till November 2027 secured 100% by way of Fixed Deposits.

29. Share Capital

During the FY 2023-24, Bank has raised Equity Share Capital of Rs.450 crores by way of Rights Issue of Equity Shares to President of India, of which Rs. 200 crores was received during FY 2022-23 which was pending allotment of shares and is shown under “Share Application Money Pending Allotment” in the Balance Sheet (Rs.200 crore raised during FY 2022-23)

30. Salary Revision as per 12th Bipartite Settlement

Bank follows the salary structure as decided by Indian Banks Association (IBA). As per decision of the Board in the meeting held on 17th May 2024, Bank made provision against 12th Bipartite Settlement, which was due from November 2022. Bank has made an adhoc provision of Rs.69.87 crore during the financial year ended 31st March 2024 covering period from November 2022 to March 2024. The above provision includes an amount of Rs. 19.83 crore pertaining to the period from 1st November 2022 to 31st March 2023.

31. Short-term Interest bearing Advance to Staff

During FY 2021-22, Bank had extended Short-term interest bearing Advance facility to its staff out of Bank’s own funds based on Board approved policy. This is in line with RBI regulations as per “Operating Guidelines for Payments Banks” dated 6th October 2016

32. Fixed Asset

32.1 Fixed Assets purchased out of Grant-in-Aid in FY 2018-19 is maintained in the Fixed Assets Register keeping a nominal value of Re.1 for identification

32.2 Physical verification of Fixed Asset as on 31st March 2024 is under progress

33. Provision for Fraud

The Bank has reported 3 cases of frauds in the Financial year ended March 31, 2024. The Bank has provided for the expected loss arising from the frauds and does not have any unamortized provision.

Following are the details of fraud and provisioning thereon;

	Rs in 000s	
	FY 2023-24	FY 2022-23
Number of frauds reported	3	5
Amount involved in fraud	23824	36236
Amount of provision made for such frauds	23500	Nil
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	Nil	Nil

During the year, the bank identified instances of misappropriation. The bank has taken all appropriate actions and have reported these cases to the concerned Law Enforcement Agency (LEA) and matters are under investigation. Staff side action has also been initiated. After conducting internal investigation bank has reported these cases to RBI.

Some instances of embezzlements were identified by Department of Posts (DoP). As per MOU between Bank and DoP, both organizations exchange information to investigate the cases of such instances. In all these incidents of misappropriation, information was provided to DoP as and when asked and DoP conducts the investigation and reporting based on their Policies and procedures. In these cases, there was no involvement of Bank's staff and no financial loss to the Bank or its customers.

34. Transactions with Department of Post (DoP)

34.1 DoP to act as Business Correspondent:

As per MoU dated 04th November 2022, DoP shall act as the Corporate BC for IPPB by providing all customer facing services of IPPB by leveraging its physical infrastructure of around 1.55 lakh Post Offices (as Access Points of IPPB) and the trusted manpower (which includes Postal Assistants, Postmen and GDS) who will also work as End Users or last mile agents for providing services to the IPPB customers in line with the RBI guidelines and clarifications for engaging BCs.

For the above services of DoP, IPPB shall pay a commission linked to the revenue earned by IPPB through DoP and by the last mile agents including DoP staff. As per MoU, the rate of commission shall be benchmarked to prevalent market rates and practices.

The breakup of commission paid to DoP/ GDS (including provisions) charged to Profit & Loss Account is as below.

Particulars	Rs in 000s	
	FY 2023-24	FY 2022-23
Commission to DoP	258295	210526
Incentive to GDS	1099629	767095

34.2 Amount given to DoP Circles for Furnishing/ Branding of IPPB Branches and Access Points:

IPPB had transferred an amount of Rs 66.28 crore to 23 Circles of Department of Posts (DoP) in FY 2017-18 for furnishing IPPB Branches (Rs 16.81 crore) & branding at all IPPB branches/ DoP access points viz H.O., S.O. & B.O. (Rs 49.47 crore).

The bills/ refunds to the tune of Rs.0.17 crore are still receivable from DoP as on 31.03.2024 and the same is shown as receivable under DoP (Capital Commitment). Since the amount is outstanding for more than 3 years, Bank has made provision for an equal amount in the Books of Accounts. Bank is regularly following up with DoP for obtaining remaining Bills/ Refunds referred above.

Bank has further remitted an amount of Rs.3.76 crore to DoP towards furnishing/renovation activities of IPPB offices. Bank has made a provision of Rs.3.71 crore during the financial year 2023-24 against the amount outstanding for more than 1 year.

34.3 Bank's Services to DoP for IT 2.0 Project:

Public Investment Board (PIB) & Expenditure Finance Committee (EFC) meeting held on 23rd November 2021 has recommended Gradual shifting of POSB services to IPPB & Single IPPB structure for Banking, Insurance and other financial needs. Further, it was also recommended that IPPB shall provide IT 2.0 related services to DoP and DoP shall reimburse the IT cost relating to DoP operations to IPPB on actual basis out of IT

2.0 for cost related Data Centre, Data Recovery Centre, Network, Network (Services), Postal Life Insurance etc. This was with a view to avoid duplication in IT infrastructure cost by both organizations. It is also aimed at providing a more integrated, inclusive financial and other services to the customers.

The above proposal was approved by Union Cabinet in February 2022.

To enable the above decision, IPPB has entered into agreements with vendors for the service under DoP IT 2.0 as well as new development work. Vendors raises invoices on IPPB for their services. IPPB made payments to these vendors out of its own funds. As per PIB mandate, DoP is reimbursing the amount paid by IPPB on actual basis.

The amount of paid by IPPB on behalf of DoP, amount reimbursed by DoP and reimbursement outstanding for reimbursement from DoP as on 31st March 2024 is as below (exclusive of GST);

Rs in 000s

Particulars	FY 2023-24	FY 2022-23
Opening Balance receivable from DOP	1081290	Nil
Add: Total amount paid under DoP	1470209	2154046
Less: Amount Reimbursed by DoP	1599278	1072756
Closing Balance Receivable from DoP	952221	1081290

* The balance receivable excluding GST amounting to Rs.95.22 crore is shown under item IX "Receivable from DOP under IT 2.0".

Bank has made a provision of Rs.26.89 crore during the financial year 2023-24 on a prudent basis under "Provisions and Contingencies" against the amount outstanding for more than 1 year.

To address all the issues, the management of the Bank and DOP is in the process of finalising the MOU

34.4 ATM

The Bank has received Ownership of 999 ATMs during the FY 2022-23 from M/s.Infosys at a Nominal of Re.1 each which were previously on lease between

M/s.Infosys and Department of Post. Bank is managing DoP ATM on as-is-basis. Bank onboarded M/S AGS Transact Technologies Ltd as a managed service vendor through open RFP and all the acquiring income from these ATM is accounted in DoP books only. DoP accounts/ GL's are used for ATM transaction and reconciliation. IPPB is managing the SLA, insurance claim, dispute management and vendor invoice processing.

35. System Integrator (SI) Cost:

IPPB awarded a contract to M/s EIT Services India Pvt. Ltd. and entered into Master Service Agreement (MSA) and Service Level Agreement (SLA) for implementation of "dedicated and customised technology platform" for an amount of Rs. 801 crores (including GST). The contract period is 5 years effective from July 12, 2018 with completion on 11.07.2023.

As per the agreement, the amount was due / payable within the contract period of 5 years based on the milestones delivered / fulfilled as per terms & conditions of the agreement. Therefore, vendor also raises its invoices accordingly to IPPB i.e. as and when the payment becomes due/payable on milestone fulfilled.

IPPB had capitalised the cost / value of the hardware and software supplied / delivered and put to use for amounting to Rs. 106.32 crores and Rs. 240.46 crores respectively till 31st March 2019.

Since, vendor did not adhered with the timelines provided under the agreement and also not provided defect free services. As a result, penalties / liquidity damage had been levied / recovered from the contractor for such delays and lack of defect free performance. Hence, Bank had terminated the contract vide termination notice dated 10.07.2023 and the bills raised by the contractor for Rs. 163.47 crores approx. have been disputed and withheld by the Bank. The bank charged penalty of Rs.62.27 crore from the vendor and has made provision of Rs.101.20 crore (net of penalty) till 31st March 2023. Further, the Performance Bank Guarantee (PBG) submitted by the vendor amounting to Rs. 68.93 crores have also been invoked by the Bank in September 2023. This amount has been accounted under 'Sundry Account' pending outcome of the litigation.

The vendor had approached the Honourable High Court of Delhi and Court vide its direction dated 9th February 2024, referred the matter for Arbitration through Arbitral Tribunal. The matter is pending with Arbitral Tribunal.

The contractor had made several defaults/non-compliance in complying with the terms & conditions of the agreement /contract. Bank is reviewing the expected operational as well as financial loss due to defaults/non-compliances /termination of contract and if needed a recovery suit will be filed against the contractor.

36. Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act 2013, the Bank is not required to spend towards CSR in the current financial year as the average of the last three year's profit is in negative.

37. The Board of Directors approved for implementation of increase in sitting fee and directed to seek clarification from the Administrative ministry in this regard. Provision in the books of accounts has been made on the basis of revised rate for February and March 2024.
38. Item no. (IV) of Schedule 5 "Other Liabilities and Provisions" includes an amount of Rs.1.21 crore under "Sundry Sweep Out Failed pool account" which includes the customer balances exceeding the threshold limit of Rs. 2 lakhs. As per the policy of the Bank, Interest is being credited to the customer on value date basis.
39. Bank is in the process of implementing Vendor Management System for tracking vendor-wise details which is handled manually at present by respective departments.
40. During the year, Bank has done certain procurements on Nomination basis (including for DoP IT 2.0. In these cases, the Bank/ DoP was already having licenses and were using those hardware/ software applications. In order to have a business continuity and to provide uninterrupted services by both IPPB and DoP, the Bank has directly engaged with the OEM (Original Equipment Manufacturer) / OSD (Original Solution

Developer). The nominations were done by following the due process as mentioned in the Procurement Policy of the Bank.

41. Figures of Previous year have been re-grouped and reinstated wherever necessary to conform to current year classification.

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(Pawan Kumar Singh)
Director
(DIN 09434830)

Sd/-
(Navneet Kakkar)
ACB Chairman
(DIN 03475842)

Sd/-
(R Viswesvaran)
MD & CEO
(DIN 10514859)

Sd/-
(Vandita Kaul)
Chairman
(DIN 07854527)

As per our note of even date
For Thakur, Vaidyanath Aiyar & Co
Chartered Accountants (FRN 000038N)

Sd/-
(C.S. Karki)
Partner, Membership No 089896

Date: 26.06.2024
Place: New Delhi

CBC- 06349/12/0006/2425

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