

# Building Robust Interoperable **Digital** **Doorstep Banking Ecosystem**

Expanding Access to **Financial Services Through Technology**  
at Every Citizen's Doorstep



इंडिया पोस्ट  
पेमेंट्स बैंक

India Post  
Payments Bank

आपका बैंक, आपके द्वार

Annual Report 2019-20

वार्षिक रिपोर्ट 2019-20







## Interoperable Digital Doorstep Banking Ecosystem

India Post Payments Bank (IPPB) began its Journey Beyond Barriers on September 1, 2018 when it was launched by Hon'ble Prime Minister Shri Narendra Modi. While announcing the launch of IPPB, he had envisioned an institution that takes banking to the last mile, promotes financial inclusion, and creates economic transformation at the grassroots. The last two years have been nothing short of achieving the impossible and breaking new barriers with every passing day. The Bank overcame these challenges through sheer determination and utmost passion towards service to the nation. Setting up one of the most technologically enabled bank on the foundations of a legacy institution, today we have created a financial services behemoth, leveraging the network and reach of one single institution – the Department of Posts (DoP).

IPPB's target market segments being some of the most financially excluded and vulnerable sections of the society, the Bank has enabled assisted banking at the last mile through frugal innovation and simple & intuitive user interfaces. Whether it is offering account opening and transaction initiation enabled through biometric authentication, obviating the need to remember PIN/password or offering banking services at the doorstep of customers through the Postmen and Grameen Dak Sevaks (GDS) equipped with a smartphone and a biometric device connected real-time online to a Core Banking Platform, IPPB has transformed the banking and financial inclusion landscape in India.

By leveraging the vast reach of DoP and due to interventions enabling creation of a national identity at scale along with the advent of the interoperable payment systems to drive adoption, IPPB is uniquely positioned to offer a range of products and services to fulfil the financial needs of the unbanked and the underbanked at the last mile. Having launched Aadhaar Enabled Payment System (AePS) Services, the Bank has become

the single largest platform in the country for providing interoperable banking services to customers of ANY BANK. With AePS, any customer with a bank account linked to Aadhaar can perform basic banking services such as cash deposit/ withdrawals and balance enquiry irrespective of the bank they hold their account with. AePS being a potential game changer, interoperable banking gives a fresh impetus to inclusion of customers facing accessibility challenges in the traditional banking ecosystem.

The 2019-20 Annual Report comes in the backdrop of the Coronavirus pandemic that has caused unspeakable misery and ravaged global economy at a scale that has been truly unprecedented in recent times. In such difficult and torrid times, the Corona Warriors of India Post and IPPB have played a crucial role in ensuring uninterrupted banking services. On behalf of all stakeholders, IPPB expresses sincere gratitude towards them.

As we move forward and embrace the "New Normal", we aim to be a Bank known for its customer service by going an extra mile in enhancing the customer experience in every interaction while being trusted for integrity and highest standards of governance. IPPB is committed to deliver value to its stakeholders through an adaptive and agile business model that leverages the power of digital and technology and 'Change the Way Every Indian Transacts'.



# 4<sup>th</sup> ANNUAL REPORT (2019-20)

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# IPPB At a Glance

## About India Post Payments Bank

### Aapka Bank, Aapke Dwaar

India Post Payments Bank (IPPB) has been setup with the vision to build the most **accessible, affordable and trusted bank** for the common man in India. The fundamental mandate of IPPB is to remove barriers for the unbanked & underbanked and reach the last mile leveraging the vast postal network.

Since its nation-wide launch on September 1, 2018, IPPB has enabled more than **136,000 post offices** to provide a complete suite of banking services, out of which **110,000** are in **rural India**, thereby increasing the rural banking infrastructure by almost **2.5 times**. Over **174,000 postmen & GDS** have been equipped with smartphones and biometric devices to provide **Doorstep Banking Services**.

With the launch of **AePS** services, IPPB has now also become the single largest platform in the country for providing **Interoperable Doorstep** banking services to customer of **ANY BANK**, leveraging the last mile unprecedented reach of the postal network. The enablement of post offices to provide banking services has brought down the average 'distance to a rural banking service point' from 5-6 kms (rural bank branch infrastructure) to 2.5 km (average distance to a post office). The sheer ability of the last mile doorstep banking service providers (postmen/ GDS) to reach every village on an almost daily basis has brought down the distance to access banking services to '0 kms', thus

truly capturing the essence of **Aapka Bank, Aapke Dwaar**.

The Jan Dhan program was instrumental in bringing millions of Indians into the fold of financial inclusion. There are over 40 crore Jan Dhan account holders in our country, of which 22 crore are in rural India. With AePS services, IPPB now has the ability to serve all customer segments, including more than 40 crore Jan Dhan account holders, giving a fresh impetus to the inclusion of customers facing accessibility challenges in the traditional banking eco system.

IPPB has also introduced unique solutions to make digital adoption easier at the last mile for the underbanked and unbanked, and towards enabling an assisted banking model.

These are:

- **QR Card** – It provides a unique, secure and convenient way to access bank account without the hassle of remembering account number. The customer does not need to remember any PIN/password as transactions can be initiated by using OTP (one time password) authentication and showing any officially valid document. It can be used to do cash transactions, money transfer, bill payments, or cashless shopping.
- **Assisted UPI** – Removes the entry barriers for customers' on-boarding to Unified Payments Interface (UPI) and facilitating UPI transactions even by those without a smartphone and a debit card.



### Key Metrics as of March 31, 2020

- 2.36 crore customers
- Aggregate Financial Transactions Valued at Over Rs. 14,500 crore
- First Payments Bank to receive Scheduled Bank status
- Banking Services at 136,000+ Post Offices of which 110,000 are in rural India
- 174,000 + Postmen & GDS Providing Interoperable Doorstep Banking Services
- All service channels available in 13 languages

By leveraging frugal innovation and top of the line technology infrastructure, IPPB has delivered simple and affordable banking solutions in **13 languages** across all self-service channels (mobile app, meapp) and assisted channel (Micro-ATM). IPPB offers technologically advanced, simple, secure and easy-to-use mobile banking service through mobile app to access bank account and carry out transactions from the convenience of mobile phone. The mobile banking app enables customers to pay utility bills, insurance premium, EMI payment for loans, funds transfer, open digital savings account and many other such services. With IPPB's Merchant

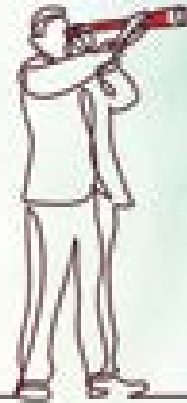
App, medium and small-sized businesses can manage money flows efficiently and securely as well accept payments digitally. Not only do merchants receive instant SMS notifications for transactions but can also get complete overview of sales and business performance on a dashboard.

As a socially responsible organization, IPPB has implemented one of the largest ever digital financial literacy program by investing over 1 crore man hours in training and certifying nearly **2.8 lakh postal assistants, postmen and GDS** as banking service providers.

IPPB now brings the ability for the DoP customers to enjoy interoperable banking services and connects them with the banking ecosystem. IPPB has digitized all the post office counters through a simple QR code to accept electronic payments and also enabled direct payments into various post office saving schemes and purchase of postal products. IPPB is committed to providing a fillip to a less cash economy and contribute to the vision of Digital India. Our motto stands true - **Every Customer is Important, Every Transaction is Significant and Every Deposit is Valuable.**



Building the Most  
Accessible, Affordable  
and Trusted Bank for the  
Common Man



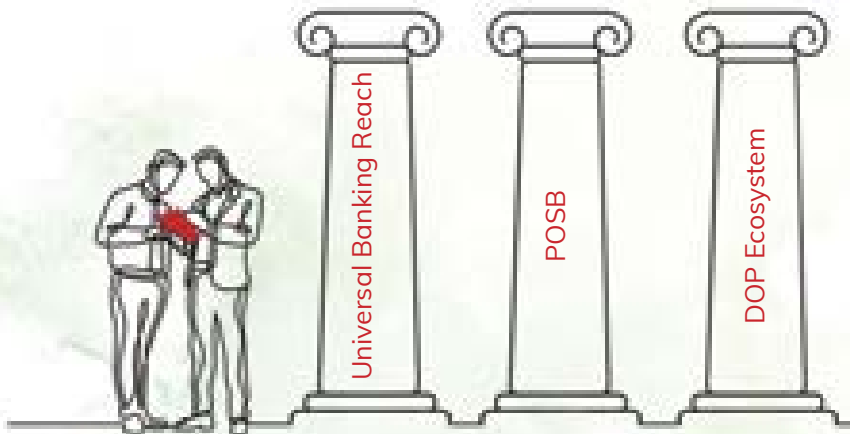
## Our Vision



Spearheading Financial Inclusion  
by Removing Barriers and  
Reducing Cost for Accessing  
Banking Services

## Our Mission





## Universal Banking Reach

### Postal Network

- 156,600 (141,001 in rural areas) Post Offices
- 400,000 Postal Service Providers

### IPPB Network

- 136,078 Banking Access Points
- 174,000+ Doorstep Bankers

### Last Mile Challenges

- 52,444\* Rural Branches
- Avg. Distance to Bank Around 10 km
- 40 cr + Jan Dhan a/cs
- 57.4cr BSBDA a/cs

\*As per RBI statistics dated March 2020

### Leveraging AePS

- Single Largest Platform in Country to Provide Interoperable Banking Services
- Increased Rural Banking Infra by 2.5 times
- Doorstep Banking Access to 40 cr + Jan Dhan Accounts

## Post Office Savings Bank Customers

### DoP Pioneer in Financial Inclusion

- Around 36.4 cr Post Office Savings Bank Customers
- Nearly 19 cr POSA Holders

### Challenge

- Excluded from Interoperable Banking Ecosystem

**Connecting POSB Customers to Interoperable Banking Ecosystem Through IPPB Account**

## Digitizing DoP Ecosystem

- 25,000 Mail Product Counters
- Post Office Schemes (RD/ TD/ SSY/ PPF) with 36.4 cr Post Office Savings Bank Customers

### Challenge

- Cash Dominant Transactions

**Providing Ability for Digital Payments at DoP Counters for India Post products**



# Service Elements



# Accessibility

## Traditional Banking

52,000+ bank branches in rural India  
Average distance traveled to reach the branch 5-6 kms

## IPPB Banking

IPPB adds its presence in 136,000+ post offices (out of 1,55,000 post offices)

Average distance now reduced to 2.5 kms

2.5 kms

0 km

2.5 kms further reduces to 0 km due to doorstep banking offered by 4,00,000 postmen & GDS

Making it truly  
Apka Bank, Aapke Dwaar






## Affordability

**Traditional Banking:**  
Cost incurred by rural farmers

- Transit costs
- Fees charged by BCs
- Loss of wages



**Aadhaar Enabled Payment System (AePS) Services**

- Boosts IPPB's efforts in expanding access to financial services for millions of unbanked customers
- Enables IPPB to provide interoperable doorstep banking services to customers of any bank
- AePS services are bank-agnostic driven by an inexpensive infra enabling low cost delivery of doorstep banking services

With AePS services, IPPB has become the single largest platform in the country for providing interoperable banking services to customers of any bank.

## IPPB Banking: Affordable & Convenient



Building upon  
**Robust Digital  
Ecosystem**



Authentication with  
**Aadhaar**  
leading to lower  
transactional cost

**Wealth Creates Wealth**  
Customers make smaller withdrawals  
and earn more interest



Customers access  
government benefits at  
**lower cost**

# Ease of Banking

## Virtual/Digital Debit Card

- Card can be generated, blocked, unblocked from self-service mobile banking app
- Customer care facility for assisting permanent blocking of card
- Individuals can set their own per day per transaction limits
- Acceptance on all RuPay enabled e-commerce/ merchant sites in India



Traditional Banking:  
Barriers in Banking



People without smartphones in rural areas find it difficult to make quick banking transactions



People in rural areas have to travel far to reach their bank



Senior citizens have to travel to their bank to collect pension



People are not informed about banking procedures through smartphones

## IPPB Banking: Simple & Intuitive

### QR Card:

- Tangible Account Identity
- Convenience



**For customers**  
No need to remember long account numbers



**For end users**  
Reduces manual input



### Assisted UPI:

- **Seamless Onboarding**  
Pre-configured virtual private address (VPA)
- **Assisted Remittance**  
No smartphone required by the customer



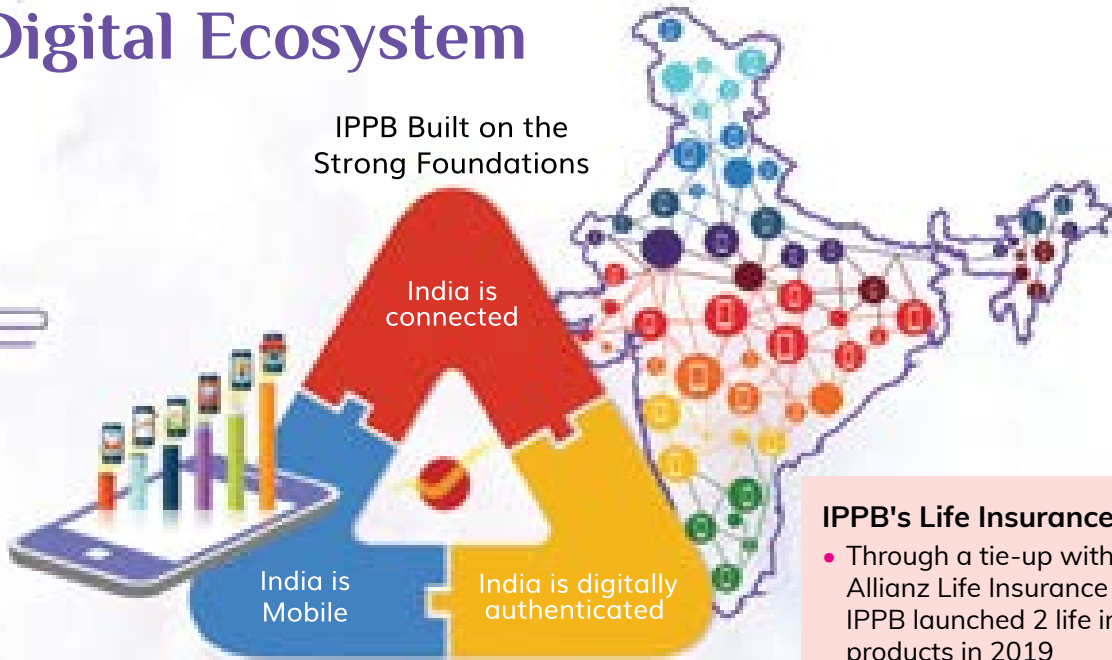
### Frictionless Integration with Post Office Savings Account

- Interoperable
- Assisted and self-service channels



# Digital Ecosystem

IPPB Built on the Strong Foundations



## IPPB's Life Insurance Foray

- Through a tie-up with Bajaj Allianz Life Insurance Co. Ltd., IPPB launched 2 life insurance products in 2019
- Tech-driven delivery mechanisms across all customer touch points for offering life insurance products

## IPPB Banking: A New Paradigm

IPPB's platform enables

**CASHLESS  
PAPERLESS  
PRESENCELESS**  
Onboarding/Transactions



IPPB's service delivery architecture based on **Ubiquitous & Open Mobile Technology**



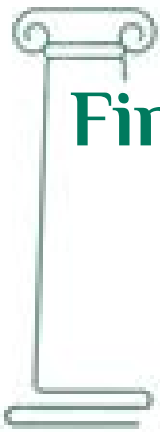
CUSTOMERS



MERCHANTS



GDS /POSTMEN



# Financial Literacy

**Traditional Banking:**  
Financial Illiteracy



*Is financial literacy a myth?*

*Who will lend money for my business?*

*Can I transfer money to those in need?*

- Many people in rural areas do not have smartphones
- Even if they do have a smartphone they don't know how to bank with it
- Many are afraid of banks and hesitate to approach them
- Many don't know the benefits of earning interest on their savings

## **IPPB Banking:** Enhanced Financial Literacy



Doorstep Banking



Multilingual Support



QR Card



Paperless Banking



Instant Account Opening



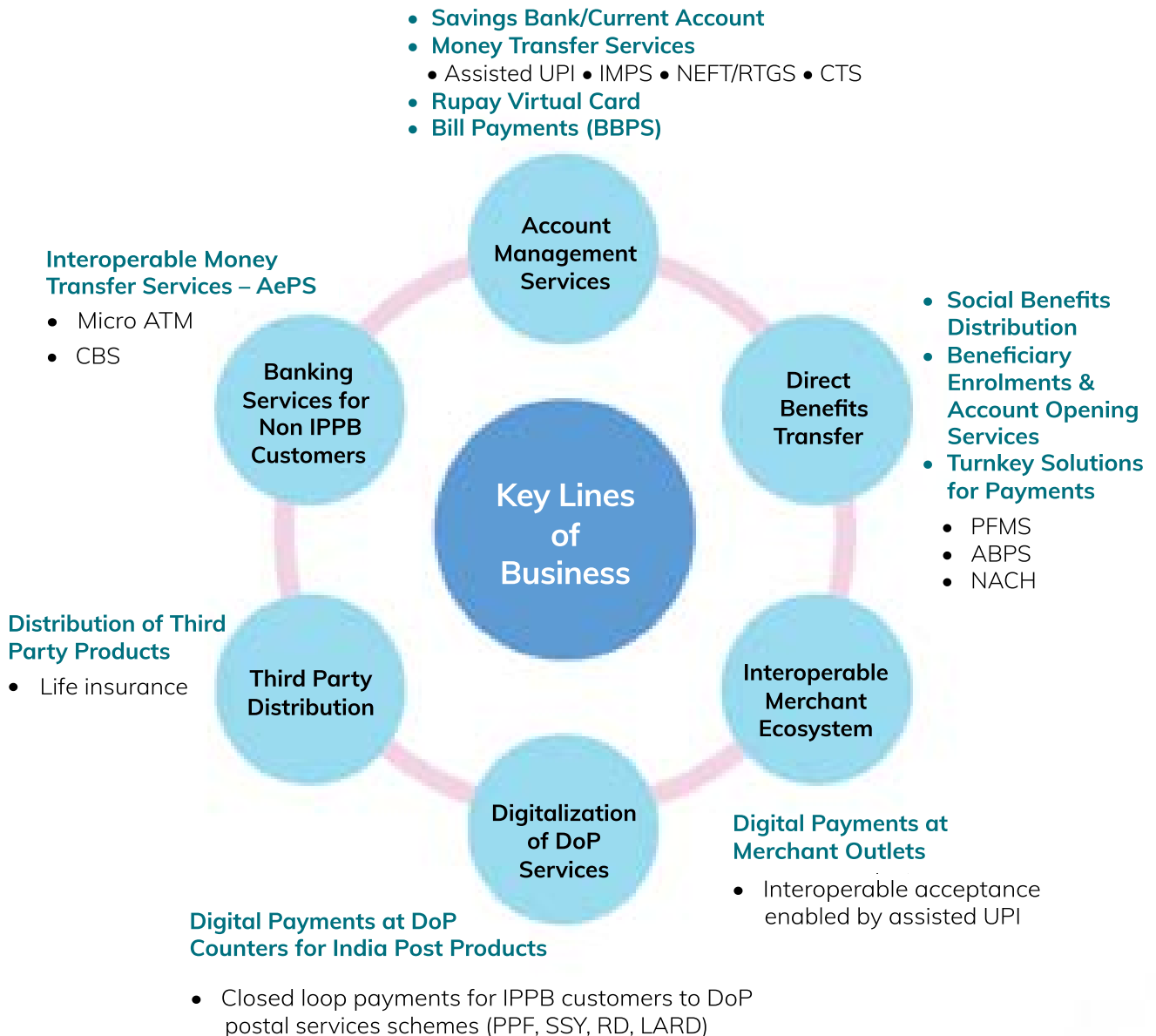
Assisted UPI

Educating customers on how insurance secures the unsecured, how wealth grows from wealth and how a little savings can go a long way towards building a better future

- Post offices are more approachable for people in rural areas
- Trusted postman provides financial literacy to the underbanked



# Comprehensive Suite of Products & Services

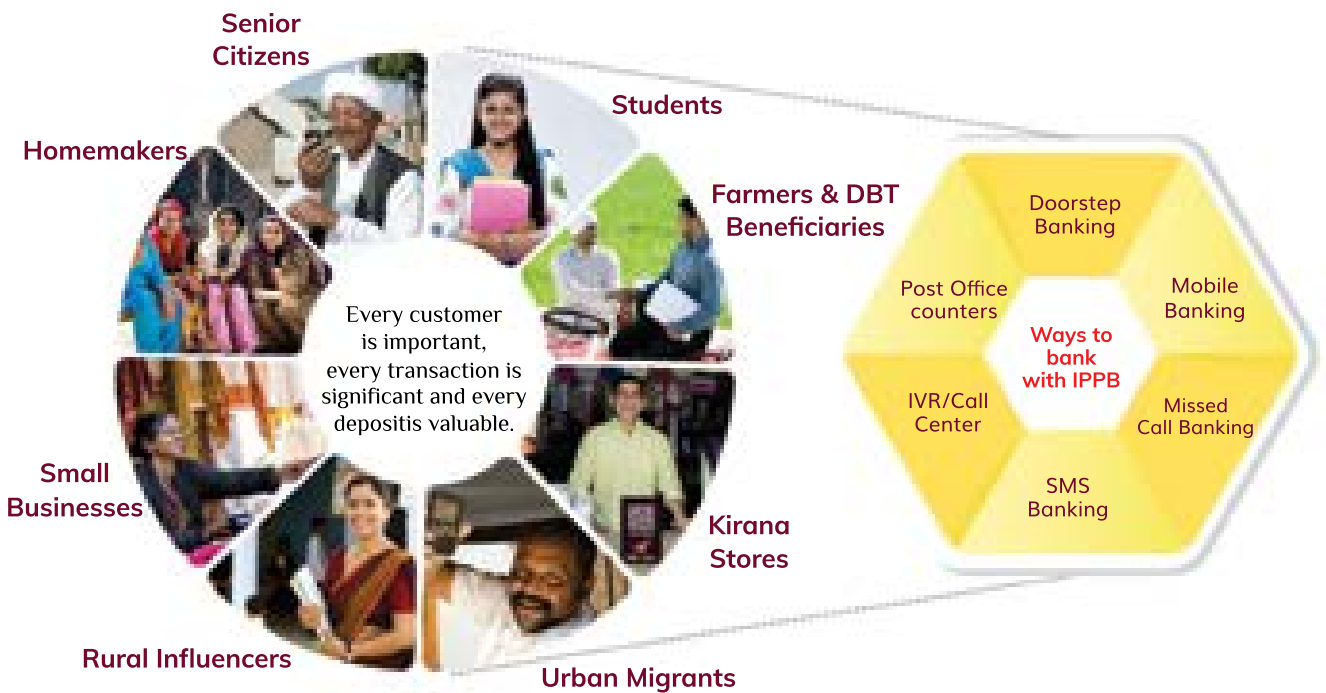




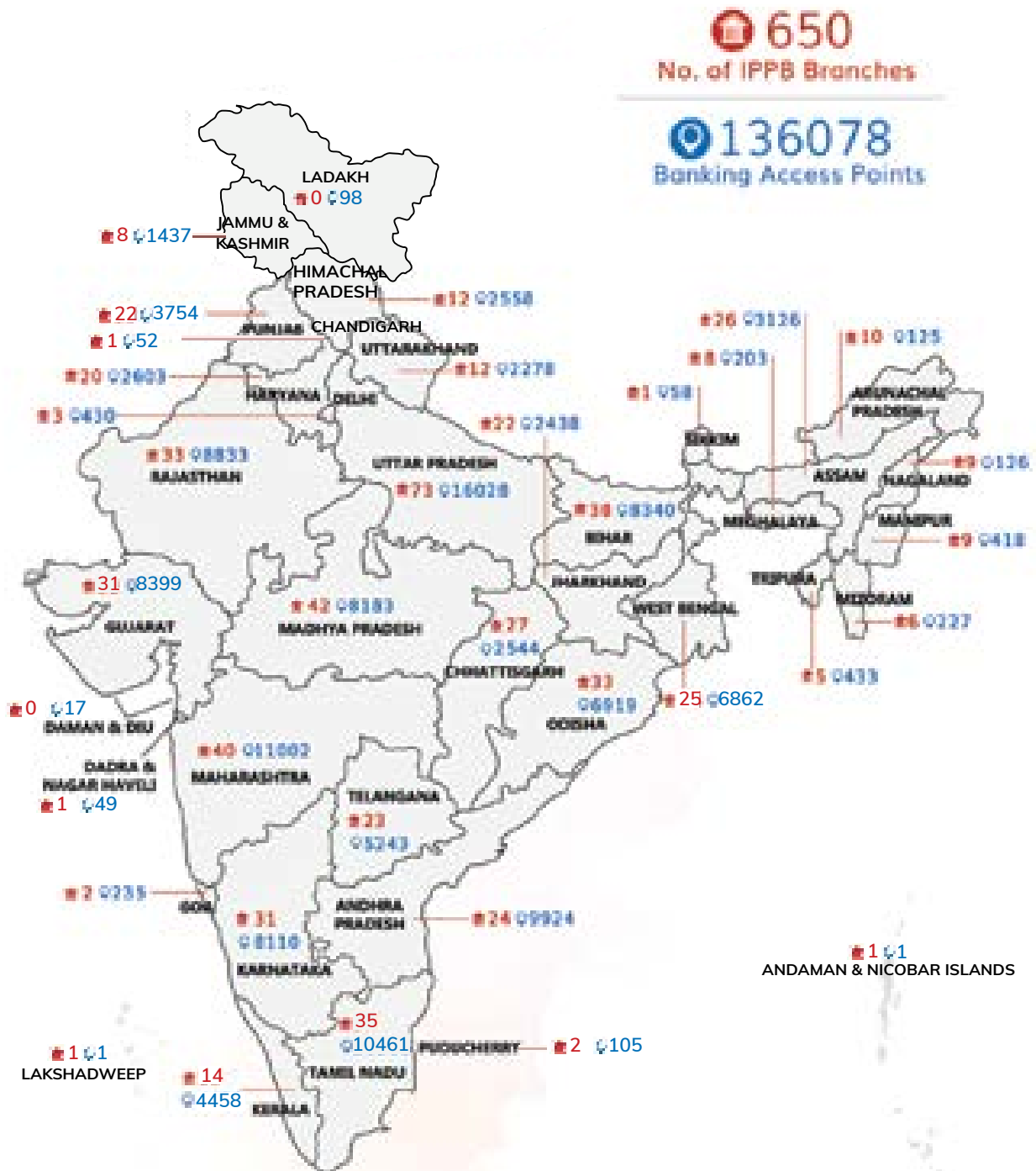


# Customer Segments

A Step Towards Financial Inclusion and Digital Economy



# Consolidating Network

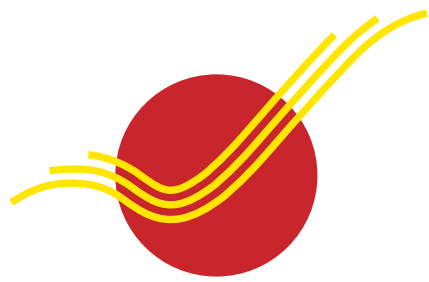
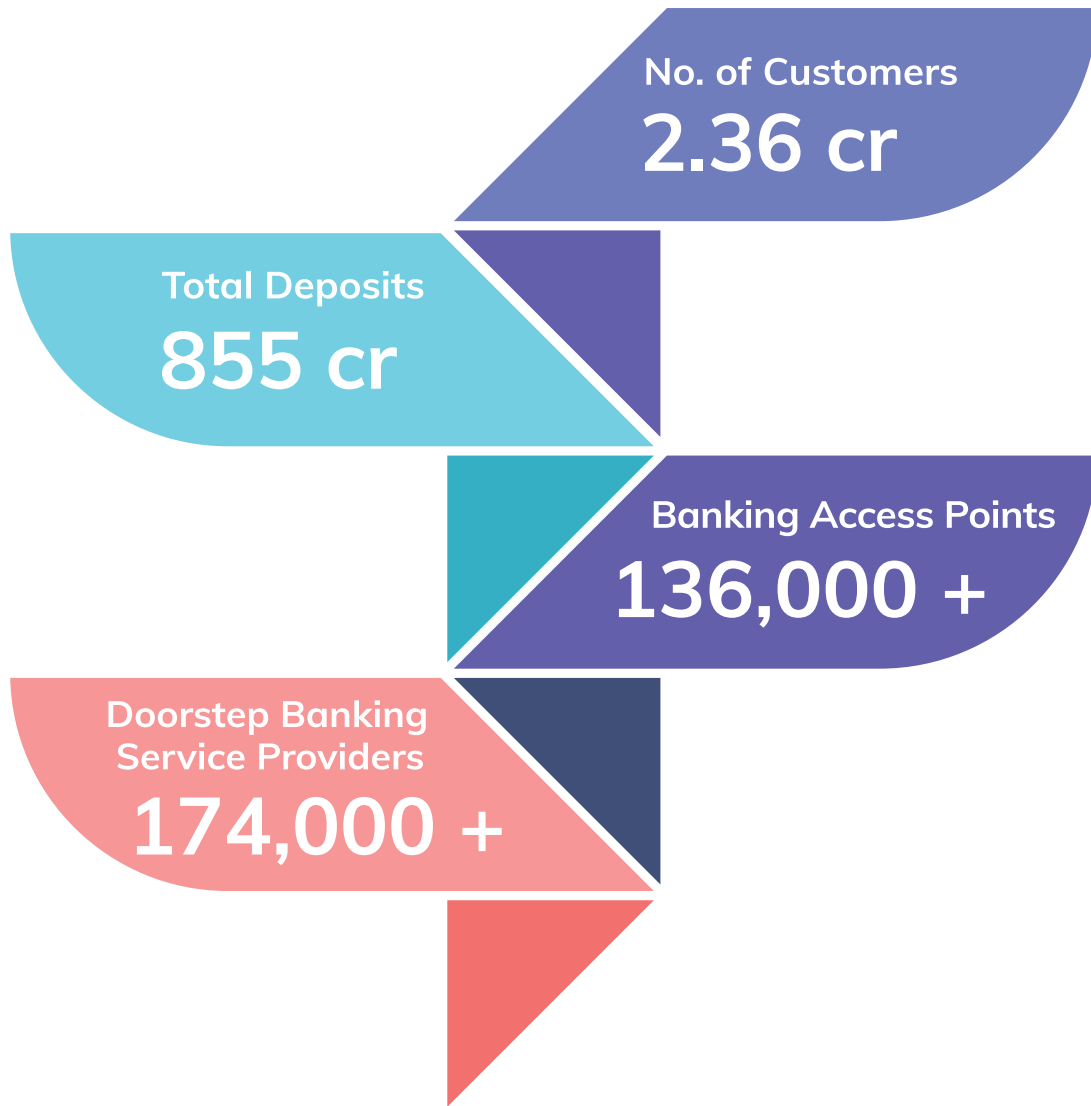


Source: <https://www.mea.gov.in/india-at-glance.htm>



# Major Business Highlights

(As of March 31, 2020)





Onboarded **1.81 crore** customers in FY 2019-20



**56.26 lakh** bill payment transactions processed



**99%** of IPPB accounts updated with Aadhaar number, **28%** Aadhaar seeded for receiving DBT credits



Collected **Rs 5.43 crore** in life insurance premium through partnership with Bajaj Allianz Life Insurance Co. Ltd.



Demand deposits surged to **Rs 855 crore** from **Rs 94 crore** in previous fiscal



**5.50 crore** number of transactions in FY 2019-20 with consistent growth



Linked **13.17 lakh** IPPB Accounts with Post Office Savings Accounts (POSA) enabling interoperable banking



Processed **25.43 lakh** AePS transactions



**32.6 lakh** downloads of IPPB Mobile Banking App



In partnership with NABARD and Investor Education and Protection Fund Authority, conducted around **6,000** financial literacy camps across India



# Functional Highlights

## Human Resources

### HR Function Vision:

“ To be the function that best understands and satisfies the organization and employees need for growth, through constant learning, un-learning & re-learning !!! ”

P3 – A journey from Good to Great – People, Process & Performance are the three pillars of HR function at IPPB

- People: Developing self, team & customers
- Process: Creating an agile organization in volatility, uncertainty, complexity and ambiguity (VUCA) world
- Performance: Building a performance & merit based culture





Achievements in various verticals of HR function during 2019-20:

**a) Talent Staffing:**

- 61 employees (which includes regular, contractual employees and advisors) on boarded for various critical positions at corporate office & circle offices.
- Entire organizational talent roster created for adherence to talent staffing guidelines laid down by Government of India & public sector banks.

**b) Rewards and Recognition:**

Extraordinary work commitment calls for recognizing the employees who have gone beyond the call of duty. In a bid to recognize the efforts of such employees

the following initiatives were undertaken:

- Corporate Excellence Awards (CEA) launched to recognize employees for demonstrating exceptional performance in their respective functional area.
- To provide adequate opportunity, encouragement and career growth to the officers consistent with their contribution to the growth of the organization, Board approved IPPB's Promotion Policy for the officers of the Bank.



- Policy regarding introduction of allowances like project area and hill and fuel to officers posted in North East Region was approved by the Board in line with IBA guidelines to boost the morale of those who are posted in difficult and inaccessible terrain.

**c) Performance Management:**

For aligning individual and organizational goals and to boost the morale of the employees, Board has approved Performance Management System Policy for building a culture of meritocracy focusing on performance & productivity of employees and rewarding high performers with annual variable incentives.

**d) Leadership Development:**

Transforming India through IPPB, a transformational change management project was conceptualized with MD & CEO for driving change from top leadership of IPPB & DoP to the employee at the last mile. The project envisages transforming the lives of over 3 lakh employees of both the organizations.

**e) Learning & Development:**

Training plans were developed based on needs identified in consultation with the senior management and business heads.

- Extensive bouquet of training programs was delivered, covering technical and behavioral competency building programs from institutes like NIBM (Pune), IDRBT (Hyderabad), CAB – RBI, IRMA & MDI (Gurgaon).
- The prestigious Recognition of Prior Learning (RPL) scheme under the **Pradhan Mantri Kaushal Vikas Yojna** was rolled out for contractual employees of DoP called **Grameen Dak Sevaks** (GDS). As part of the initiative, the eligible GDS were certified by National Skills Development Corporation (NSDC). 11,000 end users qualified for the contest and 9,162 end users completed the training, passed the certification and became eligible for direct benefit transfer of Rs 500/-, accidental insurance of Rs 2 lakh for 3 years from the date of passing the certification & a co-branded certificate from NSDC.



**f) Organizational Effectiveness:**

Launched a structured annual engagement calendar for building a culture of informal relationship between DoP & IPPB counterparts by

celebrating various events like Yoga Day, Independence Day, Republic Day, International Women's Day together across various offices of both the organizations.



**g) Employee Relations:** For any organization, human capital is the most important asset that helps achieve organizational goals. At IPPB, we are constantly innovating and introducing various measures for our employees to keep them motivated. Some of these include:

- Board has approved financial support of one time ex-gratia of Rs. 10 lakhs extended to the bereaved family of deceased officer on compassionate ground.





• **Employee Engagement:**

- A Financial Inclusion Week from September 1 – 8, 2019 was organized to celebrate the Bank’s first anniversary post launching bank operations. The event was celebrated across 650 branches of IPPB involving various activities as shown in the attached picture.



- Launched weekly newsletter branded as “Monday Morning More” for educating our employees & Business Correspondents about latest developments and updates in the banking and payments industry along with news and best practices being implemented by IPPB and DoP.



**h) HR Technology:** The goal of automating HR processes is to help managers work faster and more efficiently. Automating business processes greatly reduce the amount of administrative work and allow managers to focus more of their time and energy on managing their workforce. During 2019-20 financial year, IPPB

- Successfully rolled out Oracle HRMS with both employee self-service (ESS) and manager self-service (MSS) tools to make HR information more accessible.
- Launched I-Expense Module in Feb 2020 digitizing the entire process of employee reimbursement and making it paperless & available online.

**i) HR Employee Service: Core HR**

- All the 650 branches have been divided into five zones, including corporate office in Delhi and Mumbai for smooth functioning of HR function and handling employee grievances.
- Employee-friendly welfare policies were renewed on timely basis so that officers of the Bank can avail un-interrupted medical facility provided by the Bank. Such policies also include:
  - i. Life insurance
  - ii. Mediclaim
  - iii. Gratuity
  - iv. Accidental insurance

Transfer Policy was approved by the Board in order to give equal opportunity to all employees to represent their transfer request cases.



# Marketing

## Objectives:

1. Building IPPB's brand eminence
2. Provide basic banking and financial education to the masses to create awareness regarding IPPB as payments bank & its product & services

## Strategic Considerations:

1. Garner government support through alignment with their key initiatives
2. Highlight DoP legacy & strengths while executing marketing & communication plan
3. Focus on unique value propositions offered by IPPB
4. Return on marketing investment conscious approach
5. Integrated ATL, BTL and digital outreach methodologies
6. Leverage customer facing assets of DoP for promotion of IPPB
7. Harnessing regional languages for communications

## Key Focus Areas:

1. **Generic brand promotion** through all communication channels
2. Focused marketing campaigns for **customer acquisition**
3. **Product marketing** campaigns
4. **Co-branding** of marketing materials, events and various other properties & **joint marketing** activities with partners like DoP, NABARD, Ministry of Corporate Affairs, third party partners etc.

## Key Achievements:

1. Sales Campaigns





Campaign	KAUN BANEGA BAHURALI	AAJ KA BAADSHAH	PROJECT ABHIMAAN
Tenure	Q1	Q2	Q2
Objective	Recognize prior learning of GDS as a Banker under NSDC by introduction of R&R contest.	Under GOI 100 Day plan: Drive to reach 1 crore account mark	Under GOI 100 Day plan: Creation of 1,300 Digitally Saksham villages, 1 in every District
Qualifier	<ol style="list-style-type: none"> <li>1. Attend Training Program</li> <li>2. Clears Assessment Test</li> <li>3. Opens 20 POSA linked A/c</li> <li>4. Min. Rs. 1000/- digital transactions</li> </ol>	<ol style="list-style-type: none"> <li>1. Every one lakh &amp; highest funded A/c milestone</li> <li>2. Top 10 End Users with highest funded A/c</li> <li>3. 1<sup>st</sup> Crore A/c milestone</li> </ol>	<ol style="list-style-type: none"> <li>1. Branch &amp; Circle at 100%</li> <li>2. Circle with highest overachievement</li> </ol>
Beneficiary	<ol style="list-style-type: none"> <li>1. Top 10 GDS</li> <li>2. Top 5 Branches</li> <li>3. Top 3 Circles</li> </ol>	DoP End Users	Field employees of IPPD & DoP
Rewards	<ol style="list-style-type: none"> <li>1. Certificates from NSDC</li> <li>2. Felicitation by Secretary Posts</li> </ol>	<ol style="list-style-type: none"> <li>1. Felicitation of winners at Anniversary event</li> <li>2. Media announcement of winners</li> </ol>	<ol style="list-style-type: none"> <li>1. Felicitation of Top Circle by MoC at Anniversary event</li> <li>2. Media announcement of winners</li> </ol>

**KAUN BANEGA BAHURALI**

1<sup>st</sup> Place, 2<sup>nd</sup> Place, 3<sup>rd</sup> Place, 4<sup>th</sup> Place

**TOP 10 BUSINESS IMPACTS**

- Total of digital transactions: **Rs. 139 Crs**
- Total A/c activated: **72k**
- 100% digital transactions
- 100% digital transactions

**CONTEST PERIOD: 23rd MARCH TO 15th JUNE**



## 2. Financial Inclusion Camp Supported by NABARD



## 3. AePS Branding at Live Access Points

Flange (Lollipop) Signage



Poster

Banner

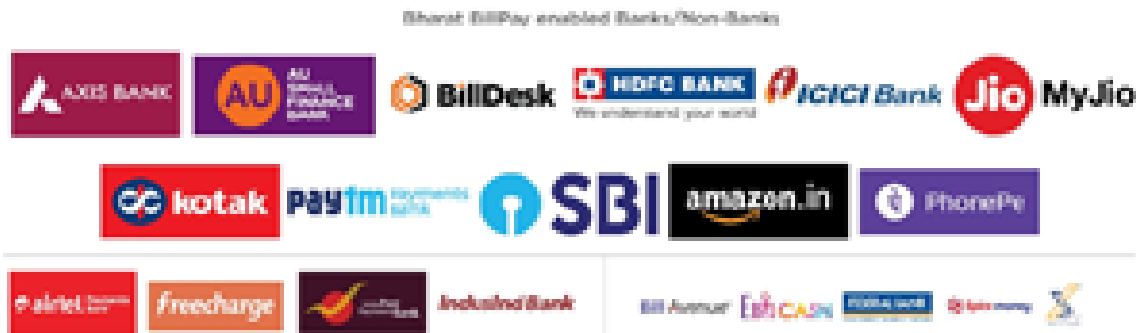




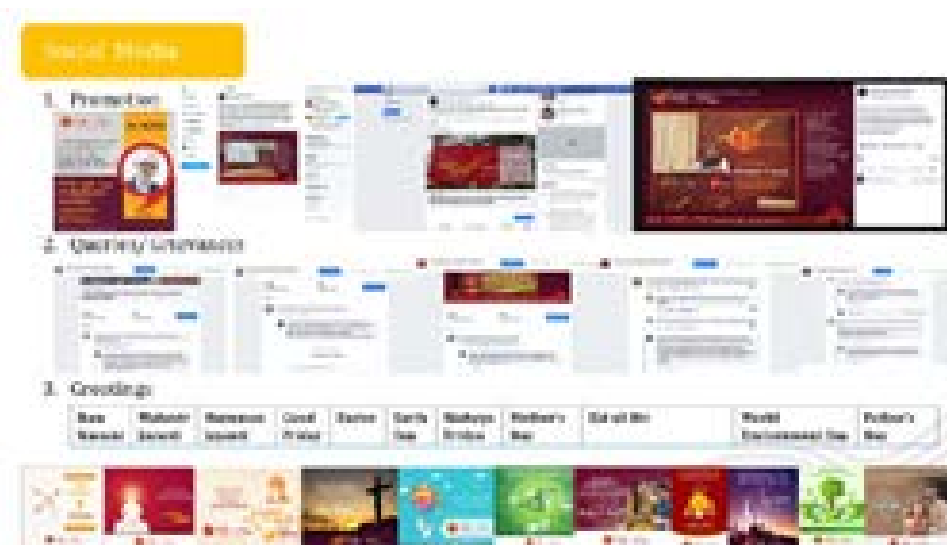
4. Investor Awareness Campaign with Investor Education and Protection Fund Authority (IEPFA)



5. Association with National Payments Corporation of India for BBPS National Campaign



6. Social Media Promotion



## Business Development - Enterprise and Government (BDEG)

IPPB is strategically placed as a payments bank to become a banker to the masses. Government of India disbursed more than 3.5 lac crores as direct benefits transfer (DBT) in 2019-20 fiscal and IPPB intends to place itself as the preferred banker

to the DBT beneficiaries. Through its extensive reach and trained manpower, IPPB is engaging with government and different enterprises for providing solutions to meet their payment and collections requirements.

### Business Performance for FY 19-20: DBT Inwards as Destination Bank

Particulars	FY 2018-19 Inception till March 31, 2019	FY 2019-20 Apr 1, 2019 – Mar 31, 2020	% increase
Amount of DBT credits	126,560,708	4,776,531,831	3,774%
Number of DBT credits	218,055	3,800,032	1,743%

- IPPB has efficiently maintained the system to bring NACH/ABPS rejections to less than 1% in the FY19-20
- More than 23 lakh beneficiaries received their subsidies in their IPPB accounts in FY 19-20, an increase of over 2,200%.

### Achievements

- IPPB actively reached out to all the Secretaries of the central ministries and the chief secretaries of the state governments and was successful in getting mandates from many of the departments and state governments with a combined potential of over 1 crore accounts.
- IPPB signed its first MoU with a

government ministry on July 24, 2019 with Central TB Division under Ministry of Health and Family Welfare to bank the TB patients who did not have a bank account.

- MoU signed with Khadi Village & Industries Commission under Ministry of Small and Medium Enterprises to provide banking to the khadi artisans and for streamlining the payments to the artisans.
- IPPB has been mandated by Ministry of Road Transport & Highways (MoRTH) to provide banking services to the beneficiaries of land compensation for highway projects.
- BDEG also reached out to major



government departments at the state and district level with a large DBT base like rural development, social welfare, education, etc and was able to get mandates for account opening of the beneficiaries. IPPB successfully opened accounts for the beneficiaries of the schemes such as NREGA, NSAP, various scholarship schemes, etc.

- BDEG also executed a few enterprise deals in the dairy sector with organizations like AMUL, AAVIN, Sanchi Dairy, etc.

### Major Strategic Initiatives

BDEG is driving a change in the financial inclusion landscape and also wants to be a one stop solution for multiple citizen

utilities. IPPB along with government and corporate stakeholders is executing people friendly initiatives for providing citizens services at the nearest post office and also at the doorstep of the citizens.

- **NITI Aayog**– Driving financial inclusion in aspirational districts through active usage of IPPB channel; Revamping project underway with Department of Financial Services (DFS) and Microsave, a consulting firm.
- **Social Impact Hub** – Identifying financial/non-financial services which can be provided through IPPB’s national infrastructure thereby resulting in increased revenue for IPPB and also creating a high social impact.



## Customer Service

IPPB believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain the existing ones. Customer service and satisfaction are important priority focus areas of the Bank. The Bank shall make all efforts to provide prompt and efficient service to its customers. However, the Bank also acknowledges that customer grievances/complaints are an integral part of business for any corporate entity. Hence the 'Customer Protection and Grievance Redressal Policy of the Bank is framed with an objective of timely resolution of all grievances/complaints to the satisfaction of the customers and is published on the Bank's website and at all access points.

- Customers of IPPB are empowered to lodge complaint from any of the touch points such as access points (post office), IPPB branch, contact centre, email, mobile banking app or by sending letter to any of the offices of IPPB. On receipt of communication through any of the above mentioned channels, the customer is provided an immediate acknowledgement of the

complaint.

- The Bank also has set up 24x7x365 contact centres at Noida and Chennai that provide services in 13 languages through IVR, 8 regional languages for inbound/outbound calling apart from Hindi & English and email in Hindi & English.
- In August 2019, the Bank appointed Internal Ombudsman to ensure transparency in the redressal of various grievances.
- Bank is also providing door step banking services to customers to reach out to maximum population, especially in rural areas. It is also providing Missed Call and SMS Banking services to customers for balance enquiry and mini statement.
- Out of a total number of 74,321 complaints (i.e.1,352 complaints outstanding as on April 1, 2019 and 72,969 complaints received during FY'19), 73,731 complaints were resolved up to the satisfaction of the complaints till March, 31 2020.

### Complaints received during 2018-19 & 2019-20

	For year ended March 31, 2019	For year ended March 31, 2020
<b>No. of complaints pending at the start of the year</b>	<b>9</b>	<b>1352</b>
<b>No. of complaints received during the year</b>	26719	72969
<b>No. of complaints redressed</b>	25376	73731
<b>No. of complaints outstanding at the end of the year</b>	<b>1352</b>	<b>590*</b>





**Note:**

- All 590 complaints are closed as of date.
- Number of complaints received during the year 2018-2019 represents the data for 7 months since the Bank was launched on September 1, 2018.
- While the overall customer base increased by nearly 4 times, the number of complaints received have seen a marginal increase. (Ratio of number of complaints to customer is **0.12% for March'19** & for **March'20 it is 0.028%**).
- 85% of complaints have been resolved within 7 days and the average TAT for resolution of complaints has come down to less than 4 days.
- Realignment of complaint types, addition/deletion of modules & revision of TAT's has been done to enhance customer experience.
- Major types of complaints received during FY 2019-20 are related to bill payments due to fluctuations in system at billers' end, sweep in due to constraints faced in funding arrangement, complaints related to sweep out & DoP payments which are caused due to certain changes in regulatory guidelines and also due to manual reconciliation process at DoP end, and complaints related to door step charges due to geo fencing coordinates.



## Information & Cyber Security

IPPB has adopted sophisticated technology to rollout the best banking solutions to customers. However, with latest technologies comes the risks of information and cyber security threats. It is therefore imperative for the banks to develop and have appropriate technology risk management strategies to secure its most vital information assets and to ensure that related risk management systems and processes are strengthened for smooth and continuous banking operations.

Information security controls deployed at IPPB aims to protect critical infrastructure and build capabilities to prevent and respond to cyber threats, reduce vulnerabilities and minimize damage from various security/cyber incidents. Since the inception of the Bank in 2018, there has been a continuous focus to ensure that the Bank's information and cyber security practices are aligned with industry standards.

### Cyber Security

At IPPB, the triad of confidentiality, integrity, and availability is at the heart of the information security framework implemented by the Bank. Keeping customer priorities in mind, the Bank follows a 'defence-in-depth' approach in implementing cyber security solutions. This approach enables the Bank to protect its data using a multi-layered defense mechanism using a combination of tools

and techniques which complement and augment each other.

The Bank also lays emphasis on customer elements like protection from phishing, adaptive authentication, awareness initiatives and above all easy-to-use protection and risk configuration ability in the hands of the customers.

### Information Security and Cyber Risk Management

IPPB's organogram has a Chief Information Security Officer (CISO) role created for surveillance on the security architecture/infrastructure and for coordinating security incident response activities.

A board approved Cyber Security & Information Security Policy is in place which provides guidelines on various cyber security related initiatives. The Bank also has Cyber Crisis Management Plan (CCMP) in place to provide the strategy, direction and roadmap towards cyber threat mitigation. The cyber security governance is part of the Bank's Information Security framework.

A steering committee comprising of senior executives of the Bank known as Information Security Committee is formed with formal terms of reference. The CISO is the member secretary of the committee. The committee serves as an effective communication channel and guide for the overall direction of the Bank's



management's cyber security aims and directions. The committee also guides and monitors development and facilitation and implementation of information security, cyber security policies, standards and procedures to ensure that all identified risks are managed considering the Bank's risk appetite.

### Focus Areas

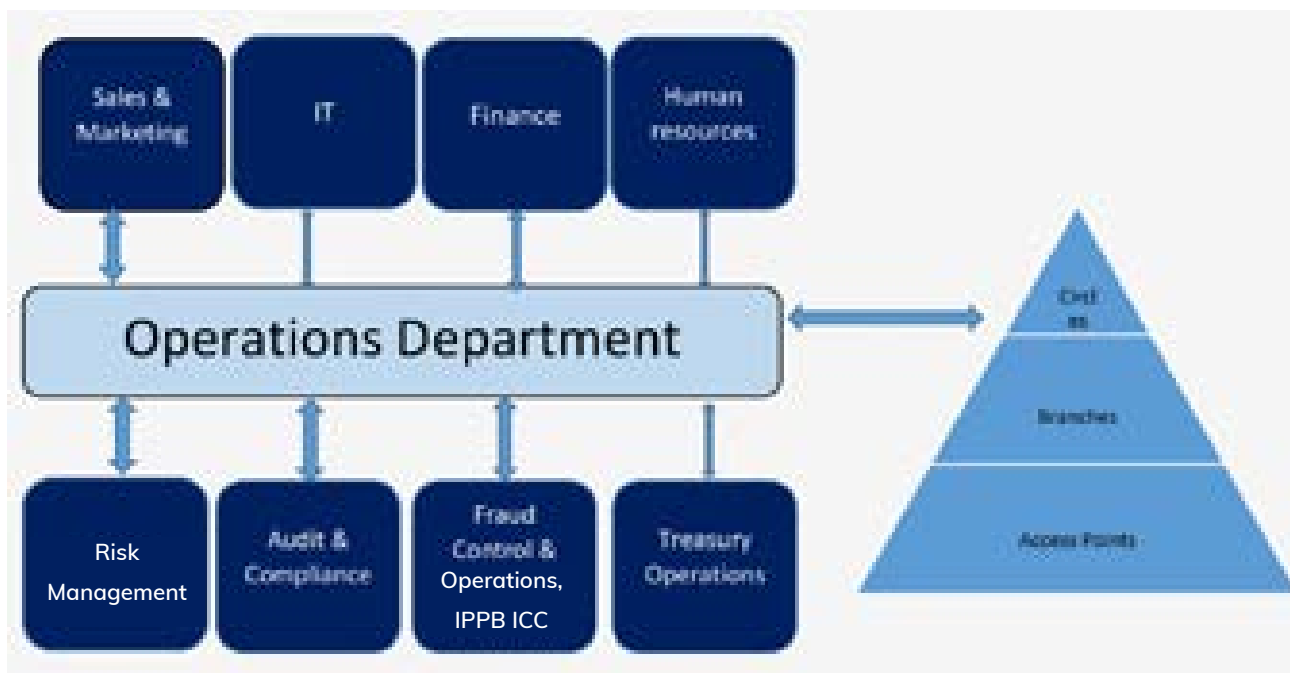
- IPPB in coordination with the system integrator has ensured that constant 24x7 surveillance is done by Security Operations Centre (SOC) and it keeps regularly updated on the latest nature of emerging cyber threats.
- The Bank is using security incident and event management monitoring tool for the process of identifying, monitoring, recording and analyzing security events or incidents in a real-time IT environment.
- To manage any type of cyberattacks, the Bank has put in place advanced security solutions and implemented anti-advanced persistent threat solution, server protection solution, network protection solution etc. to handle various malicious attacks.
- A quarterly vulnerability assessment exercise is carried out to assess the vulnerabilities, if any, in the IT systems and to ensure that these vulnerabilities are mitigated and the risks are managed.
- Based on the changing cyber security threat landscape, the Bank has procured a cyber-insurance policy which is reviewed and renewed every year and new risk areas are included if deemed necessary. The Bank also conducts and participates in cyber security drills to continuously fine tune its response mechanisms.
- Employees are kept updated about the latest security threats and best security practices. The Bank provides cyber security awareness to its employees and customers on a continuous basis through various channels like SMS/ email/learning portal website/ etc.
- IPPB has a fully equipped disaster recovery set-up in place which is supplemented by periodic disaster recovery drills. Further, stringent controls are followed at the time of induction of new applications.
- The CISO office and the system integrator maintain a close working relationship to ensure a holistic approach to risk management. The Bank regularly undergoes multiple assessments of its security by internal as well as external auditors through specific thematic assignments and regulators to continuously check its security approach and strengthen its controls.



## Operations

IPPB has a unique structure to achieve its mission of spearheading financial inclusion by removing barriers and reducing cost for accessing banking services. Operations department plays a key role in this mission by coordinating with all the internal departments and is a pillar for its business operations. It acts as a driver between IPPB branches and all other departments of the Bank by

providing support functions required to achieve IPPB's objective of last mile banking. IPPB's Operations Department comprises of branch operations, customer service, central processing centre (CPC) that form an integral part of operations, enabling and empowering branches to provide ease of banking to customers, especially from unbanked rural areas.



### Branch Operations:

Branch operations of IPPB's network of over 1.36 lakh access points are coordinated through 650 branches and 23 circles. This is to ensure all the branches and access points function in accordance with governance, compliance other regulatory guidelines. The operations

department provides necessary back end support, infrastructure & guidance to branches /circles for handling and managing below mentioned operational aspects smoothly by coordinating with various departments.



- Compliance
- Admin & Finance
- Asset management
- IT
- HR
- Activation of access points in line with IPPB's rollout plan
- Ensuring 100% activation of all end users for IPPB Operations
- DoP – IPPB coordination
- Process control and SOP for all products and processes.

#### Central Processing Centre:

Central Processing Centre (CPC) based at Delhi is a control function and responsible for settlement & reconciliation, controls of all payment products, sweep and DoP products, and third party products offered by the Bank. CPC operates 24x7 including all holidays to support settlement and reconciliation of payment functions such as NEFT as per regulatory guidelines.



# Key Milestones and Achievements

FY 2019-20

**May 27, 2019**

Inclusion of IPPB in the Second Schedule of the Reserve Bank of India Act, 1934, Gets Scheduled Bank Status

Achieves milestone of 1 cr customers

**August 2019**

**September 1, 2019**

Completes one year of full scale operations

Launch of Aadhaar enabled  
Payment System Services

**September 9, 2019**

**Dec 13, 2019**

Tie-up with Bajaj Allianz Life Insurance goes live

CASA balance crosses Rs. 500 crore

**Dec 31, 2019**

**Jan 22, 2020**

Memorandum of Agreement Between IPPB & Investor Education and Protection Fund Authority

IPPB's customer base crosses 2 cr

**Feb 19, 2020**



**Feb 24, 2020**

Value of AePS transactions cross Rs 500 cr

Total no. of financial transactions cross 5 cr mark

**Feb 29, 2020**

**Feb 29, 2020**

No. of bill payments transactions cross 50 lakh

No. of AePS transactions cross 20 lakh

**Mar 4, 2020**

**Mar 10, 2020**

Value of DBT transactions cross 10 lakh

Value of bill payments transactions cross 100 cr

**Mar 13, 2020**

**Mar 19, 2020**

Total value of financial transaction cross 15,000 cr



## Board of Directors



**Shri. P.K. Bisoi**  
Chairman, IPPB



**Shri. P. Satish**  
Independent Director



**Shri. Vishnu R. Dusad**  
Independent Director



**Ms. Sushama Nath**  
Independent Director



**Ms. Manisha Sinha**  
Nominee Director



**Shri. Sanjay Prasad**  
Nominee Director



**Shri. Anindita Sinharay**  
Nominee Director



**Mr. J. Venkatramu**  
MD & CEO

**Registered Office:**

Speed Post Centre Building, Bhai Veer Singh Marg,  
New Delhi 110 001

**Company Secretary:** Mrs. Priyanka Bhatnagar

**Statutory Auditor:** V.K. Sehgal & Associates

**Secretarial Auditor:** VAP & Associates





## Awards & Recognition

As the Bank continued to set newer milestones during its journey in 2019-20, there were accolades and awards that IPPB was conferred with.

### 1. SKOCH PAYMENTS Awards 2019

SKOCH Order of Merit Award 2019 for:

- Assisted UPI
- QR Card

- Direct Benefits Transfer Through Aadhaar-based Biometric Authentication
- Transformative Leadership of Mr. Suresh Sethi for Creating Differentiated and Inclusive Banking Model



### SKOCH Payments Gold Award

Project on DBT Through Aadhaar-based Biometric Authentication



## 2. India Banking Summit & Awards 2019

- CEO of the Year to Mr. Suresh Sethi, Former MD & CEO, IPPB
- Rising Star of the Year to IPPB



## 3. Indian Banks' Association 15th Banking Technology Conference, Expo & Awards 2020

- Conferred with Technology Bank of the Year amongst Payments Banks



## 4. Dun & Bradstreet BFSI Summit & Awards 2020

- Awarded Best Adoption of Technology - Payments Bank





## 5. 8th Edition of Finnoviti Awards 2020

- FINNOVITI Award 2020 for Interoperable Doorstep Banking



## Key Events

### 1. SANCHAY



SANCHAY – The Corporate Offsite Meet for the Circle Heads of IPPB was held on July 19, 2019. The main agenda of the meet was to discuss and strategize for building a sustainable and profitable business model for India Post Payments Bank through carefully designed implementable strategies on various business lines and processes. The meeting was attended by Mr. Suresh Sethi, Former MD & CEO; senior CXOs from different business lines along with Circle Heads from 23 circles.

a glittering ceremony at Vigyan Bhawan, New Delhi. The event was graced by **Hon'ble Minister for Communications, Electronics & IT and Law & Justice Shri Ravi Shankar Prasad**, Shri Anant Narayan Nanda, Former Secretary, Department of Posts, Ministry of Communications; and Shri Suresh Sethi, Former MD & CEO, India Post Payments Bank along with senior Ministry, DoP and IPPB officials. Shri Prasad also announced rollout of AePS Services by IPPB at the anniversary celebrations.

### 2. First Anniversary Celebrations

Having successfully completed the first year of operations on September 1, 2019, the Bank celebrated its first anniversary at



## 3. AAROHAN 3.0



The 3rd edition of Aarohan, the annual leadership meet of senior officials from DoP and IPPB was held on Jan 9 & 10 in New Delhi. The two-day meet was graced by **Hon'ble Minister for Communications, Electronics & IT and Law & Justice Shri Ravi Shankar Prasad**; Shri Sanjay Shamrao Dhotre, Hon'ble Minister of State for Human Resource Development, Communications and Electronics & Information Technology; Shri Pradipta Kumar Bisoi, Secretary, DoP; Shri Salim Haque, Director General, DoP; Shri Suresh Sethi, Former MD & CEO, India Post Payments Bank, Chief Post Master Generals from all 23 circles across the country along with senior ministry, DoP and IPPB officials.

The strategic and consultative leadership meeting witnessed significant deliberations on the way forward for IPPB - targets, strategy and challenges for the current financial year and strengthening of internal processes and coordination between DoP and IPPB. The event included interactive discussions on various aspects like growth roadmap for 2020-21, creating synergies and changing mindset, last mile engagement with customers and internal stakeholders, and strengthening of infrastructure with the aim of building a sustainable and outcome based organization.



# Key Media Coverage





## Message from Chairman

**Shri. Pradipta Kumar Bisoi**  
Secretary, Department of Posts

Dear Shareholders

I am pleased to connect with you through my first message after taking over as the Chairman of India Post Payments Bank (IPPB). IPPB's vision to build the most accessible, affordable and trusted bank for the common man has taken flight. We are removing the barriers for the unbanked and reducing the opportunity cost for the under banked populace by equipping the trusted Postman at the last mile as a financial services provider.

IPPB's reach and its operating model is built on the key pillars of India Stack - enabling Paperless, Cashless and Presence-less banking in a simple and secure manner at the customers' doorstep, through a CBS-integrated smartphone and biometric device. Leveraging frugal innovation and with a high focus on ease of banking for the masses, IPPB delivers simple and affordable banking solutions through intuitive interfaces available in 13 languages.

Taking the Jan-Dhan drive forward, the Government of India (GoI) has made strategic infrastructure investments in creating a **last mile interoperable banking network through IPPB**. By leveraging the reach of Department of Posts, IPPB has enabled an interoperable banking

infrastructure for public good that can serve customers of **ANY BANK**, thereby extending the reach of rural banking network by almost 2.5 times. With the launch of **AePS services**, IPPB has been able to fulfil the Government of India's objective of having an **interoperable banking access point within 5 km of any household** and creating alternate accessibility for more than 40 crore Jan Dhan account holders. This network can play an instrumental role in delivering government benefits to beneficiaries across the spectrum including senior citizens, students, pregnant women, NREGA workers.

Through AePS, IPPB is now able to serve customers by simply using their fingerprint right at their doorstep through the Postmen and GDS even without the need of owning a phone - thus bringing forth the dawn of a 'Truly Inclusive Financial System'.

AePS transactions have shown an uptrend during the period of lockdown (starting March 23, 2020). IPPB has achieved overall AePS transaction value of Rs 5,000 crores in under 11 months of going live. The Bank has actively reached out to various state governments and district administrations to leverage IPPB's AePS platform for withdrawal of cash for DBT and social security beneficiaries that



could help millions of elderly pensioners, Divyangs, women, migrant labourers and other economically and weaker sections. Special focus has been towards providing Doorstep Banking services through AePS even in the sealed/containment areas, migrant labour camps and hotspots so that the population affected due to movement restrictions does not suffer adversely.

At IPPB, opening an account isn't enough; customers need to know what they can do with it, why they should open it, and how simple it is to meet their needs and dreams. IPPB promotes financial inclusion through financial literacy – educating customers on how insurance secures the unsecured, how wealth grows from wealth and how even a little saving can go a long way towards building a financially empowered future.

Today, the Postman has become your trusted financial services advisor, working

hard to ensure you meet your financial needs - be it receiving your money in the fastest way possible, using it easily and digitally for essentials, saving for your loved ones or even investing for a bright future. **For us, every customer is important, every transaction is significant, and every deposit is valuable no matter the amount.**

That is what we truly mean when we say – **Aapka Bank, Aapke Dwaar.**

We have laid strong foundations which will go a long way in banking the unserved and the underserved, thereby significantly increasing their footprint in the formal financial economy of the nation. India can prosper only when every citizen has the opportunity to become financially secure and empowered. At IPPB we look forward to bringing financial security and empowerment to you at your doorstep.





## Director's Report

To,  
The Members,

Your Directors are pleased to present the Fourth Annual Report of the Company ("IPPB") together with the audited financial statements for the financial year ended 31st March, 2020 together with the report of the Auditors and Review of the Comptroller & Auditor General of India thereon.

### FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year's figures are given hereunder:

Amount in Rs.

	Financial year ended	Financial year ended
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Total Revenue	54,76,23,537	48,28,02,322
Total Expenditure	3,88,77,57,578	2,13,38,09,812
Extraordinary Items prior period Expenditure	-	-
<b>Net Profit/Net Loss</b>	<b>(3,34,01,34,041)</b>	<b>(1,65,10,07,490)</b>
<b>Balance Carried to Balance Sheet</b>	<b>(1,64,40,97,989)</b>	<b>69,09,501</b>
<b>Profit available for absorption</b>	<b>(4,98,42,32,030)</b>	<b>(1,64,40,97,989)</b>
Earnings Per Share(Basic)	<b>(4.00)</b>	<b>(3.41)</b>
Earnings Per Share (Diluted)	<b>(4.00)</b>	<b>(3.41)</b>
Shareholding of Govt. of India (%)	<b>100%</b>	<b>100%</b>

### PERFORMANCE HIGHLIGHTS AND OVERVIEW

During the period, the Company has recorded a total revenue of Rs. 54,76,23,537 and total expenditure of Rs. 3,88,77,57,578. Total loss during the year is Rs. 3,34,01,34,041. In the previous year Company has incurred a loss of Rs. 1,65,10,07,490.



## PUBLIC DEPOSIT

(Rs. In 000)

Particulars	31.03.2020	31.03.2019
Total Deposit of Twenty Largest depositors	2000	2000
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	00.20%	00.21%

Saving Bank deposits accepted by the Company during the year, however, Section 73(1) of the Companies Act, 2013 does not apply to a Banking company as defined in the Reserve Bank of India Act, 1934.

## DIVIDEND

The Board of Directors of the Company had not declared any dividend during the year.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the Members that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 2013.

The Directors confirm that:

- the Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- the Accounting Policies selected and applied on a consistent basis, give a true and fair view of the affairs of the Company and of the profit for the financial year;
- sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company; and for prevention and detection of fraud and other irregularities;
- the Annual Accounts have been prepared on a going concern basis;
- the systems devised to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

## STATUTORY AUDITORS

The Statutory Auditors of your Company, M/s. V.K. Sehgal & Associates Co., Chartered Accountants (FRN – 011519N) were appointed as Statutory Auditors of your Company for the financial year 2019-20 by the Comptroller and Auditor General of India (C&AG of India) in terms of Section 139 of the Companies Act, 2013. Statutory Auditors have audited the Financial Statements of the Company for the period ended 31st March, 2020.



## **INDEPENDENT AUDITORS' REPORT**

The Independent Auditors' Report and addendum report on the Financial Statements of the Company for the financial year ended 31st March, 2020 and the comments of Comptroller & Auditor General of India on Financial Statements for the period ended 31st March, 2020 under Section 143(6)(b) of the Companies Act, 2013 are enclosed to the Board's Report as **Annexure C**.

## **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s VAP & Associates, Company Secretaries, New Delhi to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit along with management reply for the Financial Year ended 31st March, 2020 is annexed as **Annexure B** to the Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required by the Companies Act 2013, read with the Companies (Accounts) Rules, 2014 the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the prescribed format and is annexed to this Report.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility Policy of the Company was approved by the Board of Directors on 19<sup>th</sup> January, 2017. CSR provisions are yet not applicable on the Company.

## **BOARD OF DIRECTORS**

The Bank's Board of Directors are broad-based and its constitution is governed by the provisions of the Companies Act 2013 and Banking Regulation Act 1949. The Board functions directly as well as through various Board Committees constituted to provide focused governance in the important functional areas of the Bank.

## **RELATIONSHIP BETWEEN DIRECTORS INTER-SE**

None of the Directors on your Bank's Board is related in any manner, directly or indirectly, to any other Director.

## **QUORUM FOR THE BOARD MEETINGS**

The quorum for the Board Meetings shall be one-third of the total strength or two Directors, whichever is higher subject to at least one Director being a nominee of the Central Government.



**BOARD OF DIRECTORS OF THE COMPANY AS ON 31<sup>ST</sup> MARCH 2019:**

S. No.	Name of the Director	Designation	Period of occupancy with effect
1	PRADIPTA KUMAR BISOI	CHAIRMAN & DIRECTOR	03/01/2020
2	ANSHUMAN SHARMA	DIRECTOR	17/08/2016
3	MANISHA SINHA	NOMINEE DIRECTOR	06/08/2019
4	SURESH KUMAR SETHI	MD & CEO	27/10/2017
5	KRISHNA GOPAL KARMAKAR	INDEPENDENT DIRECTOR	28/06/2017
6	GAURI SHANKAR	INDEPENDENT DIRECTOR	28/06/2017
7	SANJAY PRASAD	NOMINEE DIRECTOR	05/12/2018
8	VISHNU RAMPRATAP DUSAD	INDEPENDENT DIRECTOR	30/01/2018
9	PILLARISETTI SATISH	INDEPENDENT DIRECTOR	30/01/2018
10	SUSHAMA NATH	INDEPENDENT DIRECTOR	30/01/2018

**THE FOLLOWING PERSONS WERE APPOINTED AS DIRECTOR/ KEY MANAGERIAL PERSONNEL (KMP) DURING THE YEAR / FROM THE DATE OF LAST AGM TO TILL DATE UNDER REPORT:**

S. No.	Name of the Director	Designation	Period of occupancy with effect
1	PRADIPTA KUMAR BISOI	CHAIRMAN & DIRECTOR	03/01/2020
2	MANISHA SINHA	NOMINEE DIRECTOR	06/08/2019

**THE FOLLOWING PERSONS CEASED TO BE DIRECTOR/KMP DURING THE YEAR UNDER REPORT / FROM THE DATE OF LAST AGM TO TILL DATE:**

S. No.	Name of the Director	Designation	Date of appointment	Date of Resignation
1	T.Q. MOHAMMAD	NOMINEE DIRECTOR	12/10/2018	06/08/2019
2	A.N. NANDA	CHAIRMAN & DIRECTOR	25/05/2017	03/01/2020



**THE FOLLOWING PERSONS WERE DESIGNATED AS KMP AS PER PROVISIONS OF THE COMPANIES ACT, 2013 DURING THE PERIOD UNDER REPORT:**

S. No.	Name of the Person	Designation	Period of occupancy with effect
1	SURESH SETHI	MD & CEO	27/10/2017
2	SEEMA SINGH	CHIEF FINANCIAL OFFICER	30/04/2019
3	PRIYANKA BHATNAGAR	COMPANY SECRETARY	16/01/2017

**BOARD MEETINGS**

During the year 2019-20 the Board of Directors of the Company met seven (07) times on: -

29 <sup>TH</sup> Board Meeting 05 <sup>th</sup> April, 2019	30 <sup>th</sup> Board Meeting 27 <sup>th</sup> May, 2019	31 <sup>st</sup> Board Meeting 23 <sup>rd</sup> July, 2019	32 <sup>nd</sup> Board Meeting 12 <sup>th</sup> September, 2019
33 <sup>rd</sup> Board Meeting 17 <sup>th</sup> October, 2019	34 <sup>th</sup> Board Meeting 06 <sup>th</sup> January, 2020	35 <sup>th</sup> Board Meeting 19 <sup>th</sup> February, 2020	

**Director's Attendance at the Board Meeting**

Name of The Director	Attendance at your Bank's Board Meetings (Total No. of Meeting held- 07)
PRADIPTA KUMAR BISOI	02 out of 02
A.N.NANDA	04 out of 05
SURESH KUMAR SETHI	07 out of 07
KRISHNA GOPAL KARMAKAR	07 out of 07
GAURI SHANKAR	06 out of 07
SANJAY PRASAD	05 out of 07
VISHNU RAMPRATAP DUSAD	03 out of 07
PILLARISETTI SATISH	04 out of 07
SUSHAMA NATH	06 out of 07
T.Q.MOHAMMAD	02 out of 03
ANSHUMAN SHARMA	03 out of 07
MANISHA SINHA	04 out of 04



## **COMMITTEES**

The Board of Directors of the Bank has constituted various sub-committees of Directors and / or Executives to look into different areas of strategic importance in terms of Reserve Bank of India / SEBI / Government of India guidelines on Corporate Governance and Risk Management. The important Committees are as under:

1. Audit Committee of the Board (ACB)
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Customer Service Committee
5. Stakeholders Relationship Committee
6. HR Steering Committee (formerly known as Recruitment Advisor Committee)
7. IT Steering Committee of the Board

## **AUDIT COMMITTEE**

The Audit Committee of the Company has been constituted on 28<sup>th</sup> June, 2017 and consists of three Independent Director and one Nominee Director along with MD & CEO as permanent special Invitee. During the year 2019-20 Seven (o7) Audit Committee meetings were held.

9 <sup>th</sup> Audit Committee 05 <sup>th</sup> April, 2019	10 <sup>th</sup> Audit Committee 27 <sup>th</sup> May, 2019	11 <sup>th</sup> Audit Committee 22 <sup>nd</sup> July, 2019	12 <sup>th</sup> Audit Committee 12 <sup>th</sup> September, 2019
13 <sup>th</sup> Audit Committee 26 <sup>th</sup> September, 2019	14 <sup>th</sup> Audit Committee 16 <sup>th</sup> October, 2019	15 <sup>th</sup> Audit Committee 06 <sup>th</sup> January, 2020	

The Terms of Reference of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013. The few list of functions inter-alia includes the following:

1. recommendations for remuneration of Auditors of the Company;
2. review and monitor the Auditor's independence and performance, and effectiveness of the audit process;
3. examination of the financial statements and the auditors' report thereon;
4. approval or any subsequent modification of transactions of the Company with related parties;
5. scrutiny of inter-corporate loans and investments;
6. valuation of undertakings or assets of the Company, wherever considered necessary;
7. evaluation of internal financial controls and risk management systems;
8. monitoring the end use of funds raised through public offers and related matters.
9. any other responsibilities as may be assigned by the Board from time to time.



**VIGIL MECHANISM**

The Company has in place a vigil mechanism in the form of Whistle Blower Policy. It aims at providing avenues for employees to raise complaints and to receive feedback on any action taken and seeks to reassure the employees that they will be protected against victimization and for any whistle blowing conducted by them in good faith. The policy is intended to encourage and enable the employees of the Company to raise serious concerns within the organization rather than overlooking a problem or handling it externally.

The Company is committed to the highest possible standard of transparency, probity and accountability. It contains safeguards to protect any person who uses the Vigil Mechanism by raising any concern in good faith. The Company protects the identity of the whistle blower if the whistle blower so desires. However, the whistle blower needs to attend any disciplinary hearing or proceedings as may be required for investigation of the complaint. The mechanism provides for a detailed complaint and investigation process.

If circumstances so require, the employee can make a complaint directly to the Chairman of the Audit Committee. The Company also provides a platform to its employees for having direct access to the Managing Director. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

**RISK MANAGEMENT COMMITTEE**

The Risk Management Committee of the Company had been constituted on 28th June, 2017 and consists of two Independent Director, one Nominee Director, MD & CEO and Lead Risk and Compliance Officer as a special Invitee. The Company has in place a risk management policy which aims to have balance between risk and return. It entails the identification, measurement and management of risks in the business of the Company. As per the policy monitoring and corrective actions are taken on a continuous basis. The committee has overall responsibility of managing entire risk of the bank, devising suitable risk management policy including market and operational risks, risk integration, implementation of best risk management practices, setting up various risk limits and review of the cyber security of the bank. The Company has duly implemented Risk Management Policy. During the year 2019-20 three (o3) Risk Management Committee meetings were held.

4 <sup>th</sup> RMC 22 <sup>nd</sup> July ,2019	5 <sup>th</sup> RMC 17 <sup>th</sup> October, 2019	6 <sup>th</sup> RMC 06 <sup>th</sup> January, 2020
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**NOMINATION & REMUNERATION COMMITTEE**

The Nomination Remuneration Committee of the Company had been constituted on 28th June, 2017 and consists of two Independent Directors and two Nominee Directors. The Committee is constituted for undertaking due diligence to determine the “Fit and Proper Criteria” status of the persons to be elected as Directors under clause



(i) of sub section 3 of Section 9 of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Further, Govt. of India wide notification dated 30.08.2019 directed to constitute a single Nomination and Remuneration Committee for carrying out the functions of both Nomination and Remuneration Committee with the composition as specified by RBI Master Direction dated 02.08.2019. During the year 2019-20 no committee meetings was held.

### **CUSTOMER SERVICE COMMITTEE**

The Customer Service Committee of the Company had been constituted on 28th June, 2017 to bring about ongoing improvements on a continuous basis in the quality of customer service provided by the Bank. Committee consists of two Independent Directors, one Nominee Director, MD & CEO and Lead Customer Service Officer as a special Invitee. During the year 2019-20 no committee meeting was held.

### **HR STEERING COMMITTEE (FORMERLY KNOWN AS - RECRUITMENT ADVISORY COMMITTEE)**

The HR Steering Committee of the Company had been constituted on 01<sup>st</sup> December, 2017 and consists of four Independent Directors, one Nominee Director, MD & CEO and Chief Human Resource Officer as a special Invitee. During the year 2019-20 four (04) Recruitment Advisory Committee meetings were held.

8 <sup>th</sup> RAC 9 <sup>th</sup> July, 2019	9 <sup>th</sup> RAC 22 <sup>nd</sup> July, 2019	10 <sup>th</sup> RAC 16 <sup>th</sup> October, 2019	11 <sup>th</sup> RAC 06 <sup>th</sup> January, 2020
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### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee of the Company had been constituted on 28th June, 2017 and consists of One Independent Director, one Nominee Director and MD & CEO. The Committee is responsible for looking into the mechanism of redressal of grievances of Shareholders. During the year 2019-20, no meetings of this committee were held.

### **IT STEERING COMMITTEE**

The IT Steering Committee of the Board had been constituted on 05<sup>th</sup> December, 2018 and consists of Two Independent Directors, one Nominee Director and MD & CEO. CTO is the permanent invitee to the committee. The Broad functions of the IT Steering Committee of the Board are to:

1. Approve IT Strategy and Policy ensuring that the management has put an effective strategic planning process in place
2. Support and provide directions on Talent sourcing to ensure that the IPPB Technology Organization structure complements the business model





3. Guide the management in building a system architecture focused on best practice technology implementations
4. To approve the investments in Technology on the below business parameters ensuring a balance of risk and benefit along with alignment to new technology alternatives and cost considerations towards
  - a. New revenue lines
  - b. Enhancing customer experience
  - c. Regulatory compliance
  - d. Building process efficiency

During the year 2019-20, six (o6) IT Steering Committee meetings were held.

1 <sup>st</sup> ITSC 28 <sup>th</sup> August, 2019	2 <sup>nd</sup> ITSC 19 <sup>th</sup> September, 2019	3 <sup>rd</sup> ITSC 19 <sup>th</sup> December, 2019	04 <sup>th</sup> ITSC 30 <sup>th</sup> January, 2020
5 <sup>th</sup> ITSC 3 <sup>rd</sup> February, 2020	6 <sup>th</sup> ITSC 12 <sup>th</sup> February, 2020		

#### **INDEPENDENT DIRECTORS DECLARATION**

The Company has received the necessary declaration from each Independent Directors in accordance with Section 149(7) of the Companies Act, 2013, that he meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and in the opinion of the Board they fulfil the conditions specified in the Act and the Rules made thereunder and are independent of the management

#### **INFORMATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 REGARDING EMPLOYEES REMUNERATION**

IPPB being a Government Company, the provisions of section 197 of the Companies Act, 2013 and relevant rules shall not apply in view of the Gazette notification dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India. The terms and conditions of the appointment of Functional Directors is decided by the Government of India. The salary, terms and conditions of the appointment of Company Secretary, KMPs of IPPB, is in line with the parameters prescribed by the Company.

#### **STATEMENT UNDER SECTION 134(3)(p) OF THE COMPANIES ACT, 2013 REGARDING FORMAL ANNUAL EVALUATION MADE BY BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

IPPB being a Government Company, the provisions of section 134(3)(p) of the Companies Act, 2013 and relevant Rules shall not apply in view of the Gazette notification dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India.



### RELATED PARTY TRANSACTIONS

There are no related party contracts, arrangements or transactions undertaken by the Company during the year and hence the no disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 in form AOC 2.

### HOLDING & SUBSIDIARY COMPANY

There is no Holding or Subsidiary Company.

### CHANGES IN AUTHORIZED AND PAID SHARE CAPITAL OF THE COMPANY

(I) AUTHORIZED CAPITAL: 1,03,50,00,000 Equity Shares of Rs. 10/-each.

(II) PAIDUP CAPITAL: 1,03,50,00,000 Equity Shares of Rs.10/- each.

### RIGHT ISSUE OF EQUITY SHARES

The Company has made right issue of **33,50,00,000** Equity Shares to President of India through Secretary Department of Posts, existing equity shareholder in proportion of existing shareholding of the Shareholders.

### EXTRACT OF THE ANNUAL RETURN

An extract of Annual Return in Form MGT 9 as on 31<sup>st</sup> March, 2020, pursuant to subsection (3) of section 92 of the Companies Act, 2013 and forming part of this report is annexed to this report as **Annexure A**.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans, guarantees or investments made by the Company exceeding the limits specified under Section 186 of the Companies Act, 2013 during the year under review and hence, the said provision is not applicable.

### MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which has occurred during the period of this report.

### RIGHT TO INFORMATION ACT, 2005

Your Company has set up an elaborate mechanism throughout the Organization to deal with the requests received under the Right to Information (RTI) Act, 2005. To assist and facilitate the citizen in obtaining information, detailed guidelines have been placed on IPPB's website, spelling out the procedure for securing access to information and



filing of first appeals under the Act. Proactive disclosures have been made on IPPB's website in line with Section 4(1)(b) of the Act, disseminating various categories of information so that citizens have minimum need to resort to the Act for the purpose of obtaining information.

### **RAJBHASHA (OFFICIAL LANGUAGE)**

Your Company makes concerted efforts to spread and promote the Official Language (Rajbhasha Hindi). In pursuance of Official Language Policy/ Act/ Rules/ Orders of the Govt. of India, efforts are continuing towards increasing the use of Hindi in official work. Some of the important steps taken in this regard during the year i.e. Hindi Pakhwada was organized in the Company in order to increase the usages of Hindi in day to-day official correspondence using simple & colloquial words in writing. The Company's website is available both in English and Hindi.

### **INFORMATION UNDER SECTION 134(3)(q) OF THE COMPANIES ACT, 2013, READ WITH RULE 8(5)(viii) OF COMPANIES (ACCOUNTS) RULES, 2014 REGARDING ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management.

### **STATUTORY DISCLOSURE BY DIRECTORS:**

None of the Directors of your Company is disqualified as per provisions of Section 164 of the Companies Act, 2013. Your Directors have made necessary disclosures as required under various provisions of the Companies Act, 2013.

### **INDUSTRIAL RELATIONS**

During the year under review, the relations between the Management and the employees/ staff were highly cordial. Human resources initiatives such as skill up gradation, training, and productivity improvement were the key focus areas for development of the employees of the Company.

### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION PROHIBITION AND REDRESSAL) ACT, 2013**

The Company is committed to provide a healthy environment and thus does not tolerate any discrimination and/ or harassment in any form. The Company has



adopted an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All women employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2019-20, no complaints were received by the Company.

Your Directors further state that during the year' under review, there were no cases filed Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **ACKNOWLEDGEMENT**

The Board of Directors acknowledges with deep sense of appreciation for the cooperation received from the Government of India, particularly the Ministry of Communications (Department of Posts), Financial Institutions, Banks, Customers and all other stakeholders. The Board of Directors acknowledge with thanks the valued cooperation received from C&AG and the Statutory Auditors and Secretarial Auditors. The Directors take this opportunity to express their thanks for the valuable contribution, hard work and dedication of every employee. The Board is confident that with the employees' continued and dedicated efforts, your Company will be able to face the new challenges and achieve improved performance.

**ADDENDA:** The following documents are annexed:

1. "Extract of Annual Return" of the Company is attached to this report as ANNEXURE A.
2. "Secretarial Audit Report" of the company is attached to this report as B.
3. "Independent Auditor Report and addendum" of the company is attached to this report as Annexure-C.
4. "Annual Accounts" for the Financial Year 2019-20 is attached to this report as Annexure- D.
5. "CAG Audit Report Annexure E"

**For and on behalf of Board of Directors**

**Place: Delhi**  
**Date: 13<sup>th</sup> Nov. 2020**

**Sd/-**  
**P.K. BISOI**  
**CHAIRMAN**  
**DIN - 08642904**

**Sd/-**  
**J. VENKATRAMU**  
**MD & CEO**  
**DIN - 08918442**

**B3 Tower 6,**  
**New Moti Bagh,**  
**New Delhi 110 023**

**Plot No 169,**  
**CBR Krishna Veni Enclave**  
**Yapral, Tirumalagiri,**  
**Hyderabad, 500087**



**Annexure A**  
**FORM NO. MGT. 9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I REGISTRATION AND OTHER DETAILS**

i) CIN	U74999DL2016GOI304561
ii) Registration Date	17 <sup>th</sup> August, 2016
iii) Name of the Company	India Post Payments Bank Limited
iv) Category/ Sub-Category of the Company	Company limited by shares/ Union Government Company
v) Address of the Registered office and contact details	Post Office, Speed Post Centre Building, Market Road, New Delhi – 110001
vi) Whether listed company	No (Shares of the Company are held in Demat form)
vii) Name, Address and Contact details of Registrar and Transfer Agent	NSDL Database Management Limited (CIN U72400MH2004PLC147094) Address: 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat +Marg, Lower Parel, Mumbai – 400 013

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Payments Bank	Group 649	100%



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
	NA				

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% Change during the year
	Physical	Demat	Total	% of Total Shares	Physical	Demat	Total	
A. Promoters								
(1) Indian	-	-	-	-	-	-	-	-
a) Individual/ HUF (Nominee of President of India)	-	6	6	.01%	-	6	6	.01%
b) Central Govt State Govt(s)	-	699999994	699999994	99.99%	-	1034999994	1034999994	99.99%
c) Bodies Corp.	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-
a) NRIs – Individuals	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A) (1)+ (A)(2)	-	70,00,00,000	70,00,00,000	100	-	1,03,50,00,000	1,03,50,00,000	100
B. Public Shareholding	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
c) Central Govt/ State Govt(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) FIs	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual* shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
i) Foreign	-	-	-	-	-	-	-	-	-
ii) Bodies Corporate	-	-	-	-	-	-	-	-	-
iii) Directors	-	-	-	-	-	-	-	-	-
iv) Non Resident Indians	-	-	-	-	-	-	-	-	-
v) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
vi) Clearing members	-	-	-	-	-	-	-	-	-
vii) Trusts	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>		70,00,00,000	70,00,00,000	100	-	1,03,50,00,000	1,03,50,00,000	100	

\* 6 individuals holding 01 shares each as nominee of President of India



i. Shareholding of Promoters (Equity)

Equity

Sn. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	President of India through Secretary of Posts	69,99,99,994*	100	69,99,99,994*	1,03,50,00,000*	100	-	-
2	Ajay Kumar Roy (Nominee of President of India)	1	0.000	1	1	0.000	-	-
3	B.P. Sridevi (Nominee of President of India)	1	0.000	1	1	0.000	-	-
4	Sachin Kishore (Nominee of President of India)	1	0.000	1	1	0.000	-	-
5	T.Q. Mohammad (Nominee of President of India)	1	0.000	1	1	0.000	-	-
6	Vineet Mathur (Nominee of President of India)	1	0.000	1	1	0.000	-	-
7	Alok Pande (Nominee of President of India)	1	0.000	1	1	0.000	-	-
	Total	70,00,00,000	100	-	1,03,50,00,000	100	-	-

\*Includes 06 equity shares held by nominees of President of India





ii. Change in Promoters' Shareholding (please specify, if there is no change):

Sn. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	70,00,00,000	100		
	Date wise Increase in Promoters Share holding during the year by right issue	33,50,00,000			
	At the end of the Year	1,03,50,00,000*	100		
	<b>Total</b>	<b>1,03,50,00,000*</b>	<b>100</b>		

\*Includes 06 equity shares held by nominees of President of India

Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
1	At the Beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

iii. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	T.Q. Mohammad				
	At the beginning of the year	01	00%	-	-
	Transfer during the year	-	00%	-	-
	At the end of the year	01	.01%	-	-



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Mr. Suresh Sethi	33.92 lacs pa
2.	Stock Option	18.83 lacs pa	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify (Performance Incentive)	-	-



B. Remuneration to other directors: (as on 31/3/2020)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount (Rs.)
		Mr. Gauri Shankar	Dr. K.G. Karmakar	Mr. Vishnu Dusad	Mr. P. Satish	Ms. Sushama Nath	
1.	Independent Directors	Mr. Gauri Shankar	Dr. K.G. Karmakar	Mr. Vishnu Dusad	Mr. P. Satish	Ms. Sushama Nath	
	<ul style="list-style-type: none"> <li>• Fee for attending board /committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	Rs. 3,50,000/- plus GST	Rs. 2,80,000/- plus GST	Rs. 1,50,000/- Plus GST	Rs. 90,000/- Plus GST	Rs. 2,10,000/- Plus GST	Rs. 10,80,000/- plus GST
		-	-	-	-	-	-
		-	-	-	-	-	-
	<b>Total (1)</b>	3,50,000	2,80,000	1,50,000	90,000	2,10,000	10,80,000
2.	Other Non-Executive Directors	Mr. P.K. Bisoi	Ms. Manisha Sinha	Mr. Sanjay Prasad	Mr. Anshuman Sharma		-
	<ul style="list-style-type: none"> <li>• Fee for attending board committee meetings</li> <li>• Commission</li> <li>• Others, please specify</li> </ul>	-	-	-	-		-
	<b>Total (2)</b>		-	-	-		-
	<b>Total (B) = (1 + 2)</b>		-	-	-		-
	Total Managerial Remuneration		-	-	-		-
	Overall Ceiling as per the Act		-	-	-		-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	12.29 Lacs pa	38.60 Lacs pa	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify(Performance Incentive)	-	-	-



**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>	-	-	-	-	-
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors

Place: Delhi  
Date: 13<sup>th</sup> Nov. 2020

Sd/-  
P.K. BISOI  
CHAIRMAN  
DIN - 08642904

Sd/-  
J. VENKATRAMU  
MD & CEO  
DIN - 08918442

B3 Tower 6,  
New Moti Bagh,  
New Delhi 110 023

Plot No 169,  
CBR Krishna Veni Enclave  
Yapral, Tirumalagiri,  
Hyderabad, 500087



## Annexure II

Pursuant to clause (m) of sub-section 3 of section 134 of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014

**(A) Conservation of energy:**

Steps taken for conservation of energy	Installation of Energy efficient equipment
Steps taken for utilization of alternate sources of energy	The Company does not have any alternate sources of energy
Capital Investment on energy Conservation	Investment is considered from time to time whenever it is deemed necessary, in order to reduce consumption of energy

**(B) Technology absorption:**

- (i) the efforts made towards technology absorption: **NIL**
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution: **NIL**
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): **N.A**
  - (a) the details of technology imported
  - (b) the year of import
  - (c) whether the technology been fully absorbed
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development: **NIL**

**(C) Foreign exchange earnings and Outgo:**

Foreign Exchange used: Rs. Nil

Foreign Exchange earned: Rs. Nil



## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
India Post Payments Bank Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by India Post Payments Bank Limited (CIN U74999DL2016GOI304561) (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

- A. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
- B. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:
- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; (Not Applicable to the Company during the Audit period)
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to the Company during the Audit period);
  - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (Not Applicable to the Company during the Audit Period)



(vi) Having regard to the compliance system prevailing in the Company, on the basis of certificates received from the various Departments by the Compliance Department of the Company, we report that the Company has generally complied with the provisions of those Acts, the management has identified and confirmed that are applicable to company, including Banking Regulation Act, 1949, The Reserve Bank of India Act, 1934, Payment and Settlement Systems Act, 2007, Deposit Insurance and Credit Guarantee Corporation Act, 1961 and the rules and regulations made there under, etc., to the extent of their applicability to company. However, with regard to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance, compliance for the same are not being done, as per information and documents provided to us, the Company has applied to Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises that “the Company should be categorised as Public Sector Bank and not as CPSE”. The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

C. We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreements entered into by the Company with Stock Exchange(s). (Not applicable to the Company during the audit period).

D. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations.

- (i) The Appointment of CFO has been done without recommendation of the Nomination and Remuneration Committee.
- (ii) As per the records of the Company, in some instances, the Company has filed the forms and returns under the Companies Act, 2013 and rules made there under with additional fee.
- (iii) The number of independent directors in the Board as on March 31, 2020 were not in majority as stipulated in the Guidelines for Licensing of Payments Banks (“licensing guidelines”), five out of the ten directors were independent directors.

We further report that

- I. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except the number of independent directors in the Board as on March 31, 2020 were not in



majority as stipulated in “licensing guidelines”, five out of the ten directors were independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- II. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, however, in some cases Notice and agenda papers were sent with shorter notice with the consent of the Board and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- III. All decisions at Board Meetings and Committee Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that based on the information received and records maintained and on the basis Compliance Certificate(s) issued by various authorized officials there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company had the following events which had bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

- a) Altered the Memorandum of Association to increase the Authorised Capital of the Bank from 1,000 Crore to 1,035 Crore on 30.09.2019”.
- b) Altered the Articles of Association to amend some Clauses in align with the Companies Act, 2013.
- c) During the audit period the company has allotted 335000000 Equity Shares of Rs. 10/- each to President of India through Secretary, Department of Post on right issue basis.

Note:

- α) This report is to be read with our letter of even date which is annexed as “Annexure A” and forms an integral part of this report.
- β) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers





and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.

- χ) This Report is limited to the Statutory Compliances on laws/ regulations/ guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is timeline to comply with such compliances.

Sd/-  
For VAP & Associates  
Company Secretaries  
FRN: S2014UP280200

Sd/-  
Parul Jain  
Proprietor  
M. No. F8323  
CP No. 13901

Place: Ghaziabad  
Date: 12.10.2020

UDIN: F008323B000921611



**Annexure – 'A'**

To  
The Members,  
India Post Payments Bank Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the Internal Auditor's Report/ other Audit Reports for the period under review; hence we have verified the correctness and appropriateness of Statutory/ Legal Compliances on sample basis. The qualifications/observations mentioned in their report are also forming part of this report.
4. We have relied on the Statutory Auditors Report for the period under review; hence we have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. The qualifications/observations mentioned in their report are also forming part of this report.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. During the course of our examination of the books and records of the Company carried out in accordance with generally accepted practices in India, we have neither come across any instance of fraud on or by the Company, nor the Company has noticed and reported any such case during the year and accordingly the Company has not informed us of any such case.

Sd/-  
For VAP & Associates  
Company Secretaries  
FRN: S2014UP280200

Sd/-  
Parul Jain  
Proprietor  
M. No. F8323  
CP No. 13901

Place: Ghaziabad  
Date: 12.10.2020



**INDEPENDENT AUDITOR'S REPORT  
OF INDIA POST PAYMENTS BANK LIMITED**

**TO THE PRESIDENT OF INDIA**

**Report on the Audit of the Standalone Financial Statements Opinion**

**Opinion**

1. We have audited the accompanying standalone financial statements of India Post Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view, in conformity with the accounting principles generally accepted in India 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 2020, and its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

3. 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 Standalone 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 standalone 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.

**Emphasis of Matter**

4. Since DOP got the entire work done related to furnishing, branding and managing the launch events some of the vendors have raised the bills in the name of DOP. Taking into consideration that the DOP is the parent organisation, IPPB has acknowledged



the said bills in the name of the DOP as if the bills belonging to it and has accounted for them in its books of accounts.

5. We draw attention to Note No. 40 of the accompanying standalone financial statements which describes the uncertainties due to the outbreak of novel coronavirus (COVID-19). In view of these uncertainties, the impact on the Bank's standalone financial statements is significantly dependent on future developments.

Our opinion is not modified in respect of these matter.

### **Scope Limitation due to COVID 19.**

The opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the bank management. We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, the entire audit team could not visit the Head office or the branches for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:

- a. Inspection, observation, examination and verification of the original documents/ files
- b. Physical verification process of fixed assets/ Stationery movement records
- c. Visit to the branches for verification of FA.
- d. Restraints on movement between states also restricted the visit to the data centre to study the IT systems and the controls therein.

Our opinion is not qualified on the above said matters.

### **Key Audit Matters**

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
7. We have determined the matters described below to be the key audit matters to be communicated in our report.



Sr. No.	Key Audit Matter	Auditor's Response
1	Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the revenue recognition policy adopted by the company.</li> <li>• Selected a sample of revenue items and tested the operating effectiveness of the internal controls and the inbuilt system controls relating to identification of the revenue items and treatment of the same in the books of accounts. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls.</li> <li>• Tested the relevant information technology systems' access and change management controls relating to revenue and related information used in recording and disclosing revenue</li> <li>• Considered the table of charges to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul>
2	Accuracy of recognition, measurement, presentation and disclosures of expenses and other related balances	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the expenses recognition policy adopted by the company.</li> <li>• Selected a sample of expense items and tested the operating effectiveness of the internal controls and the inbuilt system controls relating to identification of the expense items and treatment of the same in the books of accounts. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls.</li> <li>• Tested the relevant information technology systems' access and change management controls relating to revenue and related information used in recording and disclosing revenue</li> </ul>



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

8. 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 standalone 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 standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone 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 standalone 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.

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

9. 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 standalone 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the standalone 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.



11. Those Board of Directors is also responsible for overseeing the Banks's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements.**

12. Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.
13. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. 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.
  15. 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.
  16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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.

### **Report on Other Legal and Regulatory Requirements**

17. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act read with rule 7 of the Companies (Rules), 2014 (as amended).
18. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, 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. We were not able to visit the branches due to restrictions and lockdown by government however 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 all the necessary records and data required for the purposes of our audit are available therein.

19. 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.
20. 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 standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone 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 2020 from being appointed as a director in terms of section 164(2) of the Act;
  - f. We have also audited the internal financial controls over financial reporting (IFCoFR) of the Bank as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date and our report dated July 21, 2020 as per Annexure I expressed unmodified opinion; and
  - 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 on its financial position as at 31 March 2020;



- ii. The Bank has made provision as at 31 March 2020, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- 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 2020; and
- iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

Sd/-

For V.K. Sehgal & Associates  
Chartered Accountants  
Firm's Registration No.: 011519N

Sd/-

Anuj Maheshwari  
Partner  
Membership No. 096530  
UDIN No: 20096530AAAAAY6675

Place: New Delhi

Date: July 21, 2020



**Annexure I to the Independent Auditor's Report of even date to the members of India Post Payments Bank Limited on the standalone financial statements for the year ended 31 March 2020**

**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 standalone financial statements of India Post Payment Bank Limited ('the Bank') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Bank as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. 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.

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

3. 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.



4. 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.
5. 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. Meaning of Internal Financial Controls over Financial Reporting
6. 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.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. 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.



## Opinion

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, 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.

Sd/-

For V.K. Sehgal & Associates

Chartered Accountants

Firm's Registration No.: 011519N

Sd/-

Anuj Maheshwari

Partner

Membership No. 096530

UDIN No:20096530AAAAAY6675

Place: New Delhi

Date: July 21, 2020



August 18, 2020

The Board of Directors  
India Post Payments Bank Limited  
Speed Post Centre, Gole Market  
New Delhi

Sub: Compliance certificate on directions issued under section 143(5) of the Companies Act, 2013 issued by CAG in the matter of India Post Payment Bank Limited

We have already issued our Independent Audit Report dated July 21, 2020. Further we have been directed by the CAG to issue an addendum to the audit report incorporating their specific directions which have now been incorporated as under:

In the paragraph “**Report on other legal and regulatory requirements**” a new point be inserted as point. No. 19A read as under:

“19A. We have conducted the audit of accounts of India Post payment Bank Limited for the year ended 31st March 2020 in accordance with the directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions issued to us.

According to the information and explanations given to us and on the basis of our examination of the records of the Company:

1. The Bank has system in place to process all the accounting transactions through IT system.
2. Since it is a payment bank therefore it is not permitted to make any advances and hence there is no restructuring of an existing loan or cases of waiver/write off of debts/loans/interests etc. made by a lender to the company due to the company's inability to repay the loan.
3. The funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions.

Sd/-

For V.K. Sehgal & Associates  
Chartered Accountants

Sd/-

Anuj Maheshwari  
(Partner)

(Membership No. 096530)

Date: August 18, 2020



**INDIA POST PAYMENTS BANK LIMITED  
BALANCE SHEET AS AT 31ST MARCH 2020**

(₹ in Rs)

<u>CAPITAL &amp; LIABILITIES</u>	Schedule	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
Capital	1	10,35,00,00,000	7,00,00,00,000
Share Application Money		-	-
Reserves & Surplus	2	-4,60,98,82,204	-1,25,70,15,363
Deposits	3	8,55,03,12,137	94,75,91,666
Borrowings	4	-	-
Other Liabilities and Provisions	5	2,16,22,38,607	2,17,94,15,987
<b>TOTAL</b>		<b>16,45,26,68,540</b> =====	<b>8,86,99,92,290</b> =====
<b><u>ASSETS</u></b>			
Cash and Balances with Reserve Bank of India	6	32,69,56,650	10,90,28,399
Balances with Banks & Money at call & short notice	7	4,54,62,91,831	1,46,77,74,224
Investments	8	6,94,24,93,469	3,11,27,88,269
Loans & Advances	9	-	-
Fixed Assets	10	2,00,45,16,878	2,94,86,96,101
Other Assets	11	2,63,24,09,712	1,23,17,05,297
<b>TOTAL</b>		<b>16,45,26,68,540</b> =====	<b>8,86,99,92,290</b> =====
Contingent Liabilities	12	25,00,000	25,00,000
Bills for Collection		-	-

Sd/-  
**(Priyanka Bhatnagar)**

Company Secretary (PAN No. AQKPB7572L)  
R/o C-8 Flat No. 9, Chander Nagar  
Ghaziabad, UP

Sd/-  
**(Gauri Shankar)**

Director (DIN no. 06764026)  
P-4, 16th Floor, Tower - L, Amrapali Sapphire  
Sector - 45, Gautam Budh Nagar, Noida 201301

Sd/-

**(Seema Singh)**

Chief Financial Officer  
(PAN No. AHSPS3813Q)  
E 75, Anand Niketan, New Delhi-110021

Sd/-

**(Manisha Sinha)**

Director (Din no. 05145516)  
C-11/ 118, Moti Bagh  
Delhi 110021

Sd/-  
**(P. K. Bisoi)**

Chairman (DIN no. 08642904)  
R/o, D3, Tower 6, Type 6A, New Moti Bagh, New Delhi -21

As per our report of even date

Sd/-

**For V K Sehgal & Associates**

Chartered Accountants - FRN No. 011519N

Sd/-

**(Anuj Maheshwari)**

Partner  
Membership No. 096530

Dated: 21 July 2020  
Place: New Delhi



**INDIA POST PAYMENTS BANK LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2020**

(₹ in Rs)

	Schedule	Year ended 31.03.2020	Year ended 31.03.2019
<b>I INCOME</b>			
Interest earned	13	45,75,67,936	46,42,09,331
Other Income	14	9,00,55,601	1,85,92,991
<b>TOTAL</b>		<b>54,76,23,537</b>	<b>48,28,02,322</b>
<b>II. EXPENDITURE</b>			
Interest expended	15	13,59,93,347	85,37,467
Operating expenses	16	4,87,52,64,588	2,70,40,51,809
Provisions and Contingencies		-1,12,35,00,357	-57,87,79,464
<b>TOTAL</b>		<b>3,88,77,57,578</b>	<b>2,13,38,09,812</b>
<b>Extraordinary Items</b>			
Prior Period Expenditure		-	-
<b>Net Profit/Net Loss</b>		<b>-3,34,01,34,041</b>	<b>-1,65,10,07,490</b>
<b>Balance in Profit &amp; Loss Account (Carried Forward)</b>		<b>-1,64,40,97,989</b>	<b>69,09,501</b>
<b>Profit available for Appropriation</b>		<b>-4,98,42,32,030</b>	<b>-1,64,40,97,989</b>
<b>APPROPRIATIONS</b>			
Transfer to Reserves (Net) :			
Statutory Reserve		-	-
Grant Account - Capital Reserve		2,47,23,029	-
Investment Fluctuation Reserve		-	-
Other Reserve		-	-
Special Reserve		-	-
Balance carried over to Balance Sheet		-5,00,89,55,059	-1,64,40,97,989
<b>TOTAL</b>		<b>-4,98,42,32,030</b>	<b>-1,64,40,97,989</b>

Sd/-

**(Priyanka Bhatnagar)**

Company Secretary (PAN No. AQKPB7572L)  
R/o C-8 Flat No. 9, Chander Nagar, Ghaziabad, UP

Sd/-

**(Gauri Shankar)**

Director (DIN no. 06764026)  
P-4, 16th Floor, Tower - L, Amrapali Sapphire  
Sector - 45, Gautam Budh Nagar, Noida 201301

Sd/-

**(P. K. Bisoi)**

Chairman (DIN no. 08642904)  
R/o, D3, Tower 6, Type 6A, New Moti Bagh, New Delhi -21

Sd/-

**(Seema Singh)**

Chief Financial Officer (PAN No. AHSPS3813Q)  
E 75, Anand Niketan, New Delhi-110021

Sd/-

**(Manisha Sinha)**

Director (Din no. 05145516)  
C-11/ 118, Moti Bagh, Delhi 110021

As per our report of even date  
For V K Sehgal & Associates  
Chartered Accountants - FRN No. 011519N

Sd/-

**(Anuj Maheshwari)**

Partner  
Membership No. 096530

Dated: 21 July 2020  
Place: New Delhi





**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b><u>SCHEDULE 1 - CAPITAL</u></b>		
<b>Authorised Capital</b>		
103,50,00,000 Equity Shares of Rs 10 each	10,35,00,00,000 -----	10,00,00,00,000 -----
<b>Issued &amp; Subscribed</b>		
103,50,00,000 Equity Shares of Rs 10 each	10,35,00,00,000 -----	7,00,00,00,000 -----
<b>Paid up Capital</b>		
103,50,00,000 Equity Shares of Rs 10 each	10,35,00,00,000 -----	7,00,00,00,000 -----
<b>TOTAL</b>	<b>10,35,00,00,000</b> =====	<b>7,00,00,00,000</b> =====

**SCHEDULE 2 - RESERVES & SURPLUS****I. Statutory Reserve**

Opening Balance	55,54,402	55,54,402
Addition during the year	-	-
	----- 55,54,402	----- 55,54,402

**II. Capital Reserve**

<b>a) Revaluation Reserve</b>		
Opening Balance	-	-
Addition during the year	-	-
Deduction during the year (being Depreciation on revalued portion of Property)	-	-
	-----	-----
<b>b) Others (Grant A/c)</b>		
Opening Balance	38,15,28,224	3,98,75,14,304
Addition during the year	6,21,31,595	-
Deduction (Utilised) during the year	5,01,41,366	3,60,59,86,080
	-----	-----
	39,35,18,453	38,15,28,224



(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b>III. Revenue and Other Reserve</b>		
a. Investment Reserve		
Opening Balance	-	-
Addition during the year	-	-
Less: Trf to P & L Account	-	-
	-----	-----
	-	-
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	-5,00,89,55,059	-1,64,40,97,989
	-----	-----
<b>Total I,II,,III,IV,V,VI, VI</b>	<b>-4,60,98,82,204</b>	<b>-1,25,70,15,363</b>
	=====	=====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A. I. DEMAND DEPOSITS</b>		
(i) From Banks	-	-
(ii) From Others	7,72,47,321	1,64,27,894
	-----	-----
	7,72,47,321	1,64,27,894
<b>II. SAVINGS BANK DEPOSITS</b>	8,47,30,64,816	93,11,63,772
<b>III TERM DEPOSITS</b>		
(i) From Banks	-	-
(ii) From Others	-	-
	-----	-----
	-	-
<b>TOTAL of I, II, III</b>	<b>8,55,03,12,137</b> =====	<b>94,75,91,666</b> =====
<b>B. (i) Deposits of branches In India</b>	8,55,03,12,137	94,75,91,666
(ii) Deposits of branches outside India	-	-
	-----	-----
<b>TOTAL of i, ii</b>	<b>8,55,03,12,137</b> =====	<b>94,75,91,666</b> =====

**SCHEDULE 4 - BORROWINGS**

<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Bonds (including Tier-I, Tier-II, Subordinated Debts)	-	-
<b>II. Borrowings Outside India</b>	-	-
	-----	-----
<b>TOTAL of I, II</b>	-	-
	=====	=====

Secured Borrowings included in I &amp; II above

- -



(₹ in Rs)

-----  
As at 31.03.2020  
-----

-----  
As at 31.03.2019  
-----

**SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**

I. Bills payable	-	-
II. Inter-office adjustments (net)	-	-
III. Interest accrued	-	-
IV. Deffered Tax Liability (Net)	-	-
V. Others (including Provisions)	2,16,22,38,607	2,17,94,15,987
<b>TOTAL OF I, II, III, IV &amp; V</b>	<b>2,16,22,38,607</b>	<b>2,17,94,15,987</b>
	=====	=====

**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 in Current account	32,69,56,650	10,90,28,399
(ii) in Other Accounts	-	-
	-----	-----
<b>TOTAL of I, II</b>	<b>32,69,56,650</b>	<b>10,90,28,399</b>
	=====	=====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	As at 31.03.2020	As at 31.03.2019
<b><u>SCHEDULE 7- BALANCES WITH BANKS &amp; MONEY AT CALL &amp; SHORT NOTICE</u></b>		
<b>I. In India</b>		
(i) Balance with Banks:		
(a) In Current accounts	1,37,91,831	5,87,65,853
(b) In Other Deposit accounts	4,37,2,5,00,000	1,40,90,08,371
(ii) Money at Call and Short Notice:	4,38,62,91,831	1,46,77,74,224
(a) with Banks	-	-
(b) with Other Institutions	16,00,00,000	-
	16,00,00,000	-
<b>TOTAL ( i &amp; ii )</b>	<b>4,54,62,91,831</b>	<b>1,46,77,74,224</b>
<b>II. Outside India</b>		
(i) In Current accounts	-	-
(ii) In Other Deposit accounts	-	-
(iii) Money at Call & Short Notice	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL ( I &amp; II )</b>	<b>4,54,62,91,831</b>	<b>1,46,77,74,224</b>



(₹ in Rs)

-----  
As at 31.03.2020  
-----

-----  
As at 31.03.2019  
-----

**SCHEDULE 8 - INVESTMENTS**

**I. Investments in India in**

(i) Government Securities	6,94,24,93,469	3,11,27,88,269
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and Bonds	-	-
(v) Investment in Associates/ Subsidiaries	-	-
(vi) Others	-	-
(Various Mutual Funds & Commercial Paper etc.)		

TOTAL of I

-----  
6,94,24,93,469  
=====

-----  
3,11,27,88,269  
=====

**II. Investments outside India**

(i) Government Securities	-	-
(ii) Investment in Associates/Subsidiaries	-	-
(iii) Other investments	-	-

TOTAL of II

-----  
-  
=====

-----  
-  
=====

**III. Investments in India**

I) Gross value of Investments	6,94,35,84,302	3,11,27,88,269
ii) Less: Aggregate of Provisions for Depreciation	10,90,833	-
iii) Net Investment	6,94,24,93,469	3,11,27,88,269

**IV. Investments outside India**

I) Gross value of Investments	-	-
ii) Less: Aggregate of Provisions for Depreciation	-	-
iii) Net Investments	-	-

**GRAND TOTAL of (I), (II)**

-----  
6,94,24,93,469  
=====

-----  
3,11,27,88,269  
=====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b><u>SCHEDULE 9 - ADVANCES</u></b>		
A. i) Bills Purchased and discounted	-	-
ii) Cash Credits, overdrafts and loans repayable on demand	-	-
iii) Term Loans	-	-
Total	----- - =====	----- - =====
B. i) Secured by Tangible Assets (including advances against book debts)	-	-
ii) Covered by Bank/Govt. Guarantees	-	-
iii) Unsecured	-	-
Total	----- - =====	----- - =====
C. (I) Advances in India		
i) Priority Sector	-	-
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	-	-
Total	----- - =====	----- - =====
C. (II). Advances outside India		
i) Due from banks	-	-
ii) Due from others		
(a) Bills purchased & discounted	-	-
(b) Term Loans -	-	-
(c) Others	-	-
Total	----- - =====	----- - =====
<b>GRAND TOTAL of C (I) &amp; C (II)</b>	----- - =====	----- - =====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>I. Premises (including Land)</b>		
- At cost as on 1st April of the year	-	-
- Additions during the year	-	-
Less :Deductions during the year	-	-
- Revaluation	-	-
Less :Depreciation to date	-	-
<b>II. Other Fixed Assets (including furniture &amp; fixtures)</b>		
- At cost as on 1st April of the year	1,39,44,72,544	3,06,69,190
- Additions during the year	1,90,77,299	3,24,53,76,023
Less: Deductions during the year	4,43,07,544	1,88,15,72,669
Less: Depreciation to date	45,24,98,211	3,96,95,352
	<b>91,67,44,088</b>	<b>1,35,47,77,192</b>
<b>III. Computer Software</b>		
- At cost as on 1st April of the year	1,60,31,95,829	3,88,54,552
- Additions during the year	3,43,53,126	2,60,23,87,974
- Deductions during the year	-	1,03,80,46,698
Less: Amortised to date	54,97,76,164	92,76,920
	<b>1,08,77,72,790</b>	<b>1,59,39,18,909</b>
<b>IV. Leased Assets</b>		
- At cost as on 1st April of the year	-	-
- Additions during the year	-	-
- Deductions during the year	-	-
Less: Depreciation to date	-	-
	-	-
<b>V. Works in Progress</b>	-	-
<b>TOTAL OF I, II, III, IV</b>	<b>2,00,45,16,878</b> =====	<b>2,94,86,96,101</b> =====





**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b><u>SCHEDULE 11 - OTHER ASSETS</u></b>		
I. Interest accrued	18,74,87,160	7,71,17,395
II. Tax paid in advance/tax deducted at source (net of provisions)	4,38,05,815	2,61,62,516
III. Stationery and Stamps	-	-
IV. Non Banking assets acquired in satisfaction of claims	-	-
V. Deferred Tax asset (net)	1,70,42,84,389	57,96,93,199
VI. Security Deposits	2,94,59,425	1,61,27,773
VII. DOP Capital Commitment	8,88,81,399	13,30,75,622
VIII. Others	57,84,91,524	39,95,28,792
<b>TOTAL of I, II, III, IV, V, VI, VII, VIII</b>	<b>2,63,24,09,712</b> =====	<b>1,23,17,05,297</b> =====

**SCHEDULE 12 - CONTINGENT LIABILITIES**

I. (i) Claims against the Bank not acknowledged as debts	-	-
I (ii). Disputed income tax and interest tax demands under appeal, references, etc.	-	-
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. Acceptance, Endorsements and Other obligations	-	-
VI. Other items for which the Bank is contingently liable	25,00,000	25,00,000
<b>TOTAL of I, II, III, IV, V, VI</b>	<b>25,00,000</b> =====	<b>25,00,000</b> =====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

-----  
As at 31.03.2020  
-----

-----  
As at 31.03.2019  
-----

**SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED**

I. Interest/discount on Advances/Bills	-	-
II. Income on Investments	24,25,26,258	19,74,63,349
III. Interest on balances with Reserve Bank of India & other inter-bank funds	21,50,41,678	26,67,45,982
IV. Others	-	-
<b>TOTAL of I, II, III, IV</b>	<b>45,75,67,936</b> =====	<b>46,42,09,331</b> =====

**SCHEDULE 14 - OTHER INCOME**

I. Commission, Exchange & Brokerage	7,32,35,105	42,95,999
II. Profit on sale of land, buildings and other assets	-	-
Less: Loss on sale of land, buildings and other assets	-----	-----
	-	1,82,961
	-	-----
	-	-1,82,961
III. Dividend Income from Mutual Fund		
IV. Profit on Exchange Transaction	-	-
Less: Loss on Exchange Transaction	-----	-----
	-	-
V. Profit on sale of Investments	32,90,820	3,76,286
Less: Loss on sale of investments	2,06,250	-
	-----	-----
	30,84,570	3,76,286
VI. Recruitment Income	2,77,122	82,15,328
VII. Recovery from employees on Seperation	1,18,93,665	49,86,651
VII. Miscellaneous Income	15,65,139	9,01,688
<b>TOTAL of I, II, III, IV, V, VI, VII</b>	<b>9,00,55,601</b> =====	<b>1,85,92,991</b> =====



**SCHEDULES TO THE ACCOUNTS  
(INDIA POST PAYMENTS BANK LIMITED)**

(₹ in Rs)

	----- As at 31.03.2020 -----	----- As at 31.03.2019 -----
<b><u>SCHEDULE 15 - INTEREST EXPENDED</u></b>		
I. Interest on Deposits	13,54,50,678	85,37,467
II. Interest on Reserve Bank of India/ inter-bank borrowings	5,42,669	-
III. Others	-	-
	-----	-----
<b>TOTAL of I, II, III</b>	<b>13,59,93,347</b>	<b>85,37,467</b>
	=====	=====
<b><u>SCHEDULE 16 - OPERATING EXPENSES</u></b>		
I. Payment to and provisions for employees	2,64,28,52,204	1,99,48,68,043
II. Rent, Taxes and Lighting	56,38,127	66,69,168
III. Printing & Stationery	2,52,34,486	1,96,51,122
IV. Advertisement & Publicity	3,46,98,553	16,91,13,674
V. Depreciation on Fixed Assets	95,35,58,355	7,63,61,271
Less: Adjusted with Revaluation Reserve	-	-
	-----	-----
	95,35,58,355	7,63,61,271
VI. Directors' Fees, allowances and expenses	9,80,000	11,79,800
VII. Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)	10,77,249	10,00,000
VIII. Law charges	99,690	2,03,802
IX. Postage,Telegrams,Telephones, etc.	40,27,39,705	7,98,61,527
X. Repairs & Maintenance	26,64,182	7,41,428
XI. Insurance	5,34,03,956	2,38,88,199
XII. Professional Fee	12,33,70,901	20,28,25,980
XIII. GST Expenses	4,01,79,669	3,16,80,829
XIV. SI Cost	40,63,44,615	-
XV. Recruitment Expenditure	5,48,944	62,62,709
XVI. Training Expenditure	36,42,378	73,10,597
XVII. Outsourcing Expenses	3,63,56,434	3,06,11,417
XVIII. Travelling and Conveyance	5,82,91,360	3,66,93,596
XIX. Commission paid to DoP/ Incentive to DOP Staff	4,08,48,978	30,27,317
XX. Other expenditure	4,27,34,802	1,21,01,330
	-----	-----
<b>TOTAL of I to XX</b>	<b>4,87,52,64,588</b>	<b>2,70,40,51,809</b>
	=====	=====



## SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

### **1. BASIS OF PREPARATION:**

The financial statements have been prepared on historical cost basis and conform, in all material aspects, to Generally Accepted Accounting Principles (GAAP) in India unless otherwise stated encompassing applicable statutory provisions, regulatory norms, circulars and guidelines issued by Reserve Bank of India (RBI) from time to time, Banking Regulation Act 1949, Accounting Standards (AS) and pronouncements issued by The Institute of Chartered Accountants of India (ICAI) and prevailing practices in Banking industry in India.

The financial statements have been prepared on going concern basis with accrual concept and in accordance with the accounting policies and practices consistently followed unless otherwise stated.

### **2. 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 in the current and future periods unless otherwise stated.

### **3. REVENUE RECOGNITION**

Income & Expenditure are accounted for as under;

3.1 Income on Investments is accounted as below;

a) Interest on Treasury Bills and Other Government Securities are recognised as income on time proportionate basis.

(b) Profit on sale of Investments is recognised as income on the date of sale of investment

3.2 Interest on Term Deposits is accounted for on time proportionate basis

3.3 Commission, Exchange and Brokerage is recognised as income as and when the underlying transaction is executed

3.4 Recruitment Income is recognised as and when the same is received

3.5 Recovery from employees and Miscellaneous Income is recognised as and when it is received.

3.6. All interest expenses relating to deposits accepted and borrowings are recognised on accrual basis.

3.7 All other operating expenses are accounted on accrual basis.



#### 4. INVESTMENTS

- 4.1 The banks follow the trade date method of accounting for purchase and sale of investments, except for Government of India and state government securities where settlement date method of accounting is being followed in accordance with RBI guidelines.
- 4.2 Investments are classified into six categories as stipulated in form A of the third schedule to the Banking Regulation Act, 1949.
- 4.3 Investments have been categorized into “Held to Maturity”, “Available for Sale” and “Held for Trading” in terms of RBI guidelines.
- 4.4 In determining acquisition cost of an investment
  - a) Brokerage, commission, Securities Transaction Tax (STT) etc. paid in connection with acquisition of securities are treated as revenue expenses upfront and excluded from cost.
  - b) Interest accrued up to the date of acquisition/sale of securities i.e. broken period interest is excluded from the acquisition cost/sale consideration and the same is accounted in interest accrued but not due account.
  - c) Cost is determined on the weighted average cost method for all categories of investment.
- 4.5 Investments are valued as per RBI/FIMMDA guidelines
- 4.6 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”

#### 5. FIXED ASSETS

- 5.1 Fixed assets are stated at historical cost less accumulated depreciation/amortisation, wherever applicable.
- 5.2 Software is capitalized and clubbed under Intangible assets (Computer Software) in Fixed Assets schedule.
- 5.3 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.

#### 5.4 DEPRECIATION

- 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 will be 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

- B. Depreciation is being charged over the estimated useful life of the asset on a straight-line basis.
- C. 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.
- D. Assets costing up to Rs.5,000/- is fully depreciated in the year of purchase.
- E. Fixed Assets purchased out of Grant-in-Aid is maintained in the Fixed Assets Register keeping a nominal value of Re.1 for identification.
- F. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

## 6. EMPLOYEE BENEFITS

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.
- (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 and 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.

## 7. 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.

## 8. 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.

## 9. 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.



**SCHEDULE 18 – NOTES TO ACCOUNTS**
**1. Capital**
**(Rs in 000)**

S No.	Particulars	31.03.2020	31.03.2019
i.	Common Equity Tier I Capital*	2554542	3187845
ii.	Common Equity Tier 1 Capital ratio (%)	79.24	124.99
iii.	Tier 1 Capital ratio (%)	79.24	124.99
iv.	Tier 2 Capital ratio (%)	0.00	0.00
v.	Total Capital ratio (CRAR) (%)	79.24	124.99
vi.	Percentage of the shareholding of the Government of India in the Bank	100.00%	100.00%
vii.	Amount of equity capital raised during the year	3350000	3000000
viii.	Amount of Additional Tier 1 Capital raised, of which:	Nil	Nil
	Perpetual Non-Cumulative Preference Shares (PNCPS)	Nil	Nil
	Perpetual Debt Instrument (PDI)	Nil	Nil
ix.	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))	Nil	Nil

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

**2. Investments**
**(Rs. in 000)**

S No.	Particulars	31.03.2020	31.03.2019
(1)	Value of Investments		
i	Gross value of Investments	6943584	3112788
a	In India	6943584	3112788
b	Outside India	-	-





S No.	Particulars	31.03.2020	31.03.2019
ii	Provision for Depreciation	1091	-
a	In India	1091	-
b	Outside India	-	-
iii	Net Value of Investments	6942493	3112788
a	In India	6942493	3112788
b	Outside India	-	-
(2)	Movement of Provisions held towards depreciation on investments		
i	Opening Balance	-	-
ii	Add: Provision made during the year	1091	-
iii	Less: Write Off/Write-back of excess provisions during the year (Net)	-	-
iv	Closing Balance	1091	-

### 3. Repo Transactions (in face value Terms)

(Rs. in 000)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2020
Securities sold under repo				
i. Government securities	10090.00	31640.00	12996.25	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	8640.00	754160	108464.80	141480.00
ii. Corporate debt securities	-	-	-	-



#### **4. Non-SLR Investment Portfolio**

a. Issuer composition of Non SLR Investments

The Bank does not have any transactions in the Non-SLR category during the year ended 31<sup>st</sup> March 2020 As such, no disclosure is required.

b. Non-performing Non-SLR Investments

The Bank is not holding any Non-SLR Investments as on 31<sup>st</sup> March 2020 and as such, nothing is to be reported under this segment

#### **5. Sale and transfers to/from HTM category**

During the year, there was no transfer of investments to/from HTM category and there was no sale of Investments from HTM category.

#### **6. Derivatives**

- a. Forward Rate Agreement/Interest Rate Swap
- b. Exchange Traded Interest Rate Derivatives
- c. Disclosure on risk exposure in Derivatives

The Bank has not done any transactions in Derivatives and as such, nothing is to be reported in this segment.

#### **7. Asset Quality**

- a. Non-Performing Assets
- b. Particulars of Accounts Restructured
- c. Details of financial assets sold to Securitisation/Reconstruction Company (SC/RC) for Assets Reconstruction
- d. Details of non-performing financial assets purchased/sold from/to other bank.
- e. Provision on Standard Assets
- f. Break up of floating provisions

The Bank falls under the category of “Payment Banks” and is not allowed to do Lending. As such, disclosures requiring Assets Quality including Non-Performing Advances, Restructuring, Standard Assets and floating provisions are not applicable to the Bank.



## 8. Business Ratios

Particulars		31.03.2020	31.03.2019
i)	Interest Income as a percentage to Working Funds	3.48%	5.47%
ii)	Non-Interest Income as a percentage to Working Funds	0.68%	0.22%
iii)	Operating Profit as a percentage to Working Funds	-33.93%	-26.28%
iv)	Return on Assets	-25.39%	-19.46%
v)	Business (Deposit plus advances) per employee (Rs in lakhs)	41.75	4.30
vi)	Profit/ (Loss) per employee (Rs in lakhs)	(16.31)	(7.49)

## 9. Asset Liability Management

(Rs in 000)

Maturity Pattern	Deposits	Advances	Investment	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Next Day	61350 (6827)	NIL	NIL	NIL	NIL	NIL
2-7 days	368097 (40963)	NIL	NIL	NIL	NIL	NIL
8-14 days	429447 (47790)	NIL	349592 (NIL)	NIL	NIL	NIL
15-30 days	NIL	NIL	199360 (NIL)	NIL	NIL	NIL
31 days to 2 months	NIL	NIL	149119 (NIL)	NIL	NIL	NIL
Over 2 months to 3 months	NIL	NIL	1236353 (NIL)	NIL	NIL	NIL
Over 3 months to 6 months	NIL	NIL	1665381 (NIL)	NIL	NIL	NIL
Over 6 months to 1 Year	NIL	NIL	3342688 (3112788)	NIL	NIL	NIL



Maturity Pattern	Deposits	Advances	Investment	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
Over 1 Year to 3 Years	7691419 (852011)	NIL	NIL	NIL	NIL	NIL
Over 3 Years to 5 Years	NIL	NIL	NIL	NIL	NIL	NIL
Over 5 Years	NIL	NIL	NIL	NIL	NIL	NIL
Total	8550312 (947592)	NIL	6942493 (3112788)	NIL	NIL	NIL

Figures given in the brackets are for the last year.

#### 10. Exposures:

- Exposure to Real Estate Sector
- Exposure to Capital Market
- Risk Category wise Country Exposure
- Details of Single Borrower Limit and Group Borrower Limit exceeded by the bank
- Unsecured Advances

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

#### 11. Disclosure of penalties imposed by RBI:

RBI has not imposed any penalty on the Bank during the year ended 31<sup>st</sup> March, 2020

Other disclosures required by Accounting Standards

#### 12. AS-6 Depreciation Accounting:

Break up of Total Depreciation for each class of the assets

(Rs in 000)

Class of Assets	31.03.2020	31.03.2019
Computer Software	540499	38637
Other Fixed Assets	413059	37724
<b>Total</b>	<b>953558</b>	<b>76361</b>



### 13. AS-9 Revenue Recognition:

Income & Expenditure are accounted for as under;

- A. Income on Investments is accounted as below:
  - a. Interest on Treasury Bills and other Government Securities are recognised as income on time proportionate basis.
  - b. Profit on sale of Investments is recognised as income on the date of sale of investment
- B. Interest on Term Deposits is accounted for on time proportionate basis
- C. Commission, Exchange and Brokerage is recognised as income as and when the underlying transaction is executed
- D. Recruitment Income is recognised as and when the same is received
- E. Recovery from employees and Miscellaneous Income is recognised as and when it is received.
- F. All interest expenses relating to deposits accepted and borrowings are recognised on accrual basis.
- G. All other operating expenses are accounted on accrual basis.

### 14. AS-11 Change in foreign exchange rates:

The Bank has not undertaken any transactions in Foreign Currency. As such, nothing is to be reported under this segment.

### 15. AS-12 Government Grants Utilisation

The utilisation of the grant is given below:

(Rs in 000)

Particulars	31.03.2020	31.03.2019
Opening Balance	381528	3987514
Add: Received during the year	NIL	NIL
Add: Refund from DoP circles	37408	NIL
Less: Utilised during the year	50141	3605986
	368795	381528
Add: Interest Accrued	24723	NIL
Closing Balance	393518	381528

An amount of Rs.3.74 crore has been added to Grant account being the amount of refund received from DoP circles, which was utilised during FY 2018-19 towards Branding.



Bank had utilised an amount of Rs.5.01 crore from Grant account under the head “Emerging technologies to provide cash out facilities (QR Cards)”

As directed by C&AG in their local inspection report for FY 2018-19, Bank has transferred an amount of Rs.2.47 core from Profit and Loss Account to Grant Account being the interest accrued on unutilised portion of Grants for the current financial year.

**16. AS-15: Employee Benefits:**

A) Gratuity:

During the year, Bank has purchased annuities worth Rs.5.85 crore from Life Insurance Corporation of India based on actuarial valuation. This amount is debited to Profit and Loss account for the year ended 31<sup>st</sup> March 2020.

B) Leave Encashment:

During the year, Bank has made a provision of Rs.4.64 crore for encashment of Privilege Leave by employees based on best estimate basis. This amount is debited to Profit and Loss account for the year ended 31<sup>st</sup> March 2020.

**17. Segment Reporting as per AS-17**

(Rs in 000)

**Part A: Business Segments**

S No	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
i.	Segment Revenue		
	a) Treasury	460653	464586
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	74800	4113
	d) Other Banking Operations	12171	14103
	Total	547624	482802
ii.	Segment Results		
	a) Treasury	21011	87966
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	-4492625	-2318283
	d) Other Banking Operations	7980	530
	Total	-4463634	-2229787
iii.	Unallocated Expenses	NIL	NIL



S No	Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
iv.	Operating Profit	-4463634	-2229787
v.	Provisions	-1123500	-578779
vi.	Extraordinary Item (Prior Period Expenditure)	NIL	NIL
vii.	Net Profit	-3340134	-1651007
Other Information:			
viii.	Segment Assets		
	a) Treasury	11801950	4630825
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	4650718	4239167
	d) Other Banking Operations	NIL	NIL
	Sub Total	16452668	8869992
	e) Unallocated Assets	NIL	NIL
	Total Assets	16452668	8869992
ix.	Segment Liabilities		
	a) Treasury	10250917	3493000
	b) Corporate/Wholesale Banking	NIL	NIL
	c) Retail Banking	6201751	5376992
	d) Other Banking Operations	NIL	NIL
	Sub Total	16452668	8869992
	e) Unallocated Liabilities	NIL	NIL
	Total Liabilities	16452668	8869992

### Part B – Geographic Segments

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

#### 18. Disclosure of Related parties as per AS-18:

Remuneration paid to Key Management Personnel

(Rs in 000)

Particulars	FY 2019-20	FY 2018-19
Remuneration paid to Directors	980	1180
Remuneration paid to MD & CEO	5275	5430
Remuneration paid to CFO	3860	3415
Remuneration paid to Company Secretary	1229	1193



**19. Accounting for leases as per AS-19:**

Bank has not taken any Premises/ Assets on lease. As such, disclosures relating to Lease is not applicable

**20. Earnings per share as per AS-20**

S No.	Particulars	31.03.2020	31.03.2019
A	EPS – Basic/Diluted (in Rs )	-4.00	-3.41
B	Amount used as numerator Profit/ (Loss) (after tax) (Rs in 000)	(3340134)	(1651007)
C	Nominal Value of Share	Rs.10 each	Rs.10 each
D	Weighted average number of equity shares used as the denominator	836000000	483835616

**21. Accounting for taxes on Income as per AS-22:**

The Bank has recognized deferred tax assets and liability as per accounting policy. Major components of which are set out below:

(Rs in 000)

Particulars	31.03.2020	31.03.2019
Carry Forward Loss	1037948	650061
Gratuity	14712	18389
Leave Encashment	11681	13000
Depreciation on Fixed Assets	60250	-101757
<b>Deferred Tax Assets (Net)</b>	<b>1124591</b>	<b>579693</b>

**22. Accounting for Investments in Associates in Consolidated Financial Statements (AS-23)**

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

**23. Impairment of Assets (AS-28)**

There is no impairment of Assets during the financial year ended 31<sup>st</sup> March 2020.





## 24. Break up of “Provisions and Contingencies”

(Rs in 000)

Particulars	31.03.2020	31.03.2019
Provisions for depreciation on investment (net)	1091	NIL
Provision towards NPAs (net)	NIL	NIL
Provision towards standard assets	NIL	NIL
Provision made towards Income Tax/ Deferred Tax	-1124591	-578779
Other Provisions & Contingencies	NIL	NIL
<b>Total</b>	<b>-1123500</b>	<b>-578779</b>

## 25. Draw Down from Reserves:

The Grant received has been treated as shareholders fund and was credited to capital reserves. The Grant is utilised as follows;

(Rs. in Crore)

S. No	Net Usage of Grants	FY 2019-20	FY 2018-19
1.	Provision of ATMs/Micro ATMs/ PoS	Nil	188.12
2.	Emerging technologies to provide cash out facilities, Catering to capacity building of village post offices, Strengthening cash Management Systems at village post offices and Financial Literacy	1.27	72.48
3.	Technology Cost	Nil	100
	<b>Total</b>	<b>1.27</b>	<b>360.06</b>

## 26. Disclosure on Status of complaints and unimplemented awards of Banking Ombudsman

### a. Customer Complaints

	Particulars	31.03.2020	31.03.2019
a)	No. of complaints pending at the beginning of the year	1352	9
b)	No. of complaints received during the year	72969	26719
c)	No. of complaints redressed during the year	73731	25376
d)	No. of complaints pending at the end of the year	590	1352



b. Awards passed by the Banking Ombudsman

	<b>Particulars</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
a)	No. of unimplemented awards at the beginning of the year	Nil	Nil
b)	No. of awards passed by the Banking Ombudsman during the year	Nil	Nil
c)	No. of awards implemented during the year	Nil	Nil
d)	No. of unimplemented awards at the end of the year	Nil	Nil

27. Disclosure in respect of Bancassurance Business

(Rs in 000)

<b>Particulars</b>	<b>FY 2019-20</b>	<b>FY 2018-19</b>
Commission earned from Distribution of Life Insurance Products	9575	Nil

28. I. Concentration of Deposits, Advances, Exposure and NPAs:

a. Concentration of Deposits:

(Rs in 000)

<b>Particulars</b>	<b>31.03.2020</b>	<b>31.03.2019</b>
Total Deposit of Twenty largest depositors	2000	2000
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	00.02%	00.21%

b. Concentration of Advances c. Concentration of exposures d. Concentration of NPAs e. Provision Coverage Ratio	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
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II. Sector-wise advances III. Movement of NPAs IV. Overseas Assets, NPAs and Revenue	The Bank falls under the category of "Payment Banks" and is not allowed to do Lending. As such, disclosures relating to Sector wise Advances, Movement of NPA is Not Applicable
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**29. Reward Points of Credit Card & Debit Card**

The Bank has not issued any Credit or Debit card. As such, the disclosure regarding Debit/ Credit card is not applicable

**30. 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.

**31. Credit Default Swaps (CDS)**

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 Credit Default Swaps

**32. 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.

**33. Unhedged Foreign Currency Exposure (UFCE)**

The Bank has not undertaken any foreign currency transactions during the period and does not have any unhedged exposure. As such, this disclosure is not applicable.

**34. Intra-Group Exposures**

The Bank falls under the category of “Payment Banks” and is not allowed to do Lending. As such, no disclosure is required under this segment.

**35. Disclosures on Remuneration**

IPPB is 100% owned by Government of India. As such, the disclosure on Compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, applicable to Private Sector Banks is not applicable to IPPB.



## Other Notes:

### **36. Interest on Grant**

As directed by C&AG in their local inspection report for FY 2018-19, Bank has transferred an amount of Rs.2.47 crores from Profit and Loss Account to Grant Account being the interest accrued on unutilised portion of Grants.

### **37. Contingent Liabilities**

The Contingent Liability of Rs.25 lakhs shown under Schedule 12 of the Balance Sheet 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.

### **38. Rights Issue of Shares**

During the Financial year 2019-20 Bank has raised Equity Share Capital to the tune of Rs.335 crores by way of Rights Issue of Equity Shares to Government of India.

### **39. Fixed Assets purchased out of Grant-in-Aid**

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

### **40. COVID-19 Pandemic**

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India resulting in decline in economic activity and uncertainty in financial market.

In this situation, one of the worst affected segment is the workers in unorganized sector, migrant laborer and the other economically vulnerable segment of the society. They happen to be the target segment of the Bank, and as such threw major challenges in taking care of their banking requirements. While the situation gradually unfolds, the Bank has been at the forefront, so far, and has geared itself to meet the challenge.

The extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on the future developments, which are highly uncertain, and the impact of same cannot be envisaged or determined as on date, including among many the other things, any new information concerning the severity of the pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.



#### 41. Amount given to DOP Circles for Furnishing/ Branding of IPPB Branches and Access Points

IPPB/DOP (out of IPPB funds) had remitted an amount of Rs 66.28 crore in FY 2017-18 to 23 DOP Circles for furnishing 650 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). All IPPB Branches have since gone live on launch w.e.f. September 1, 2018. As such, the entire amount of Rs 16.81 crore provided for furnishing of IPPB Branches was capitalised w.e.f. September 1, 2018. Thereafter, the Bank has so far received, in tranches, Bills amounting to Rs. 12.44 crore and Refunds amounting to Rs.1.50 crore till 31.03.2020. Due to the uncertainty over the fact as to whether the bills will be received or the refunds will be received from DOP for the balance amount of Rs. 2.87 crores, and due to inordinate delay in obtaining entire bills/ refunds from DOP, the management has decided to reverse the said amount from fixed assets and the same has been reinstated as amounts receivable from DoP related to Furniture under DOP (Capital Commitment). Bank will pass appropriate entries in the books of accounts as and when bills/ refunds are received from DOP. Accordingly, the Depreciation on said Furniture has also been reversed and adjusted in Profit and Loss account during the current financial year.

Similarly, as against Rs.49.47 crore advanced for Branding, bank had appropriated Rs.36.16 crore as expenses as on March 31, 2019. The balance amount of Rs 13.31 crore was shown as DOP (Capital Commitment). Bank has so far received in tranches, Bills amounting to Rs. 32.43 crore and Refunds amounting to Rs.11.02 crore as on 31.03.2020. The bills/ refunds to the tune of Rs.6.02 crore are still receivable from DoP related to Branding and the same is shown as receivable under DOP (Capital Commitment).

IPPB is regularly following up with DoP for obtaining remaining Bills/ Refunds amounting to Rs.8.89 crore referred above (i.e. Rs.2.87 crore relating Furniture and Rs. 6.02 crore relating to Branding)

Since DOP got the entire work done related to furnishing and branding, some of the vendors have raised the bills in the name of DOP. Taking into consideration that the DOP is the parent organisation, IPPB has acknowledged the said bills in the name of the DOP as if the bills belonging to it and has accounted for them in its books of accounts.

#### 42. SI Cost

IPPB has awarded the contract for implementation of its dedicated and customised technology platform for an amount of Rs. 801 crore (including GST). The life of the contract is 5 years effective from July 12, 2018.



As per the agreement, the amount becomes payable based on milestones mentioned in the agreement spread over a period of 5 years. The vendor accordingly raises invoices with IPPB as and when the payment becomes due and the amount of invoice is limited to the extent of the amount is payable on such instance.

As a prudent accounting practise, IPPB had capitalised the entire amount of hardware owned by it and put to use (till the date of GO LIVE) aggregating to Rs. 106.32 crores as on 31<sup>st</sup> March 2019. The said hardware has been insured in Bank's name. Bills received till 31<sup>st</sup> March 2020 were for Rs.96.84 crore. The remaining bills amounting to Rs.9.48 will be received during the remaining period of the contract.

Similarly, It had also capitalised the entire amount of software owned and put to use (till the date of GO LIVE) aggregating to Rs. 240.46 crores as on 31<sup>st</sup> March 2019 against which the bills received till 31<sup>st</sup> March 2020 were for 194.40 crores. The remaining bills amounting to Rs.46.06 will be received during the remaining period of the contract.

The said hardware's and software's have been adequately incorporated in the Fixed Asset Register of the Bank and depreciation thereon has been charged accordingly. The said hardware has been verified and audited via separate independent audit by M/s. STQC IT Services.

During the financial year 2019-20 the bank has made payment of Rs. 78.73 crores (based on mile stone achievement) to the vendor which includes payments towards Hardware, Software, AMCs Fees, implementation and customisation etc.

Sd/-

**(Priyanka Bhatnagar)**

**Company Secretary**

(PAN AQKPB7572L)

R/o C-8 Flat No.9 Chander Nagar

Ghaziabad, UP

Sd/-

**(Seema Singh)**

**Chief Financial Officer**

(PAN AHSPS3813Q)

E-75, Anand Niketan

New Delhi – 110021

Sd/-

**(Gauri Shankar)**

**Director**

(DIN 06764026)

P-4, 16th Floor,

Tower-L, Amrapali Sapphire

Sector-45, Gautam Budh Nagar,

Noida 201301

Sd/-

**(Manisha Sinha)**

**Director**

(DIN 05145516)

C-11/ 118, Moti Bagh

Delhi - 110021



Sd/-

**(P. K. Bisoi)**

**Chairman**

(DIN 08642904)

D3, Tower 6, Type 6A, New Moti Bagh,  
Delhi - 110021

As per our note of even date

**For V K Sehgal & Associates**

Chartered Accountants (FRN 011519N)

Sd/-

**(Anuj Maheshwari)**

**Partner, Membership No. 096530**

Date: 21/07/2020

Place: New Delhi



## CASH FLOW STATEMENT

Particulars	Amount (in Rs) (2019-20)	Amount (in Rs) (2018-19)
<b>A. Cash Flow from Operations</b>		
i) Net Profit After Tax	-3,340,134,041	-1,651,007,490
Add: Provision for Tax (including deffered Tax)	-1,123,500,357	-578,779,464
Profit before Tax	i) -4,463,634,398	-2,229,786,954
ii) Adjustments:		
Depreciation on Fixed Assets	953,558,355	76,361,271
Incorporation Expenses Written Off	-	-
Prior Period Item Written Off	-	-
Less: Net Amount Utilized from Grants	12,732,800	3,605,986,080
Total Adjustments	ii) 940,825,555	-3,529,624,809
Operating profit before changes in Operating Assets & Liabilities	(i)+(ii) -3,522,808,843	-5,759,411,763
iii) Adjustments for net change in Operating Assets & Liabilities		
Decrease in Investments (Net)	-3,829,705,200	3,325,089,364
Decrease in Other Assets (Net)	-277,204,057	59,028,575
Increase in Deposits (Net)	7,602,720,471	935,548,723
Increase in Other Liabilities (Net)	-17,177,380	2,072,949,158
Total adjustment for net change in Operating Assets & Liabilities	(iii) 3,478,633,833	6,392,615,820
Cash Flow used from Operations (i)+(ii)+(iii)	-44,175,010	633,204,057
Tax Paid	-	-
Net Cash Flow used from Operations	A -44,175,010	633,204,057
<b>B. Cash Flow used in Investing Activities</b>		
Purchase of Fixed Assets	-9,379,132	-2,957,617,934
Net Cash Flow used in Investing Activites	B -9,379,132	-2,957,617,934





**C. Cash Flow generated from Financing Activities**

Particulars	Amount (in Rs) (2019-20)	Amount (in Rs) (2018-19)
Issue of Share Capital	3,350,000,000	3,000,000,000
Receipt of Grants	-	-
Net Cash Generated from Financing Activities	C 3,350,000,000	3,000,000,000
<b>Net Changes in Cash &amp; Cash Equivalent (A)+(B)+(C')</b>	<b>D 3,296,445,858</b>	<b>675,586,123</b>
<b>Cash and Cash Equivalent at the beginning of the year</b>		
Cash and Balance with RBI	109,028,399	3,340,292
Balance with Banks & Money at Call & Short Notice	1,467,774,224	897,876,208
	1,576,802,623	901,216,500
<b>Cash and Cash Equivalent at the end of the year</b>		
Cash and Balance with RBI	326,956,650	109,028,399
Balance with Banks & Money at Call & Short Notice	4,546,291,831	1,467,774,224
	4,873,248,481	1,576,802,623
	<b>3,296,445,858</b>	<b>675,586,123</b>

Sd/-  
**(Priyanka Bhatnagar)**  
Company Secretary (PAN No. AQKPB7572L)  
R/o C-8 Flat No. 9, Chander Nagar  
Ghaziabad, UP

Sd/-  
**(Seema Singh)**  
Chief Financial Officer (PAN No. AHSPS3813Q)  
E 75, Anand Niketan,  
New Delhi-110021

Sd/-  
**(Gauri Shankar)**  
Director (DIN no. 06764026)  
P-4, 16th Floor, Tower - L, Amrapali Sapphire  
Sector - 45, Gautam Budh Nagar, Noida 201301

Sd/-  
**(Manisha Sinha)**  
Director (Din no. 05145516)  
C-11/ 118, Moti Bagh  
Delhi 110021

Sd/-  
**(P. K. Bisoi)**  
Chairman (DIN no. 08642904)  
R/o, D3, Tower 6, Type 6A, New Moti Bagh, New Delhi -21

As per our report of even date  
For V K Sehgal & Associates  
Chartered Accountants - FRN No. 011519N

Sd/-  
**(Anuj Maheshwari)**  
Partner (Membership No. 096530)



नीचनीय



वि.वि.नि.संख्या/एफ-254/IPPBL/2019-20/355

क्रमांक.....

No. कार्यालय

प्रधान निदेशक लेखापरीक्षा, वित्त एवं संचार  
शमनाथ मार्ग, (समीप पुराना सचिवालय) दिल्ली-110054  
OFFICE OF THE  
Principal Director of Audit, Finance & Communication  
SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

दिनांक: 09/10/2020  
Date

सेवा में,

अध्यक्ष,  
भारतीय पोस्ट पेमेंट बैंक लि.(IPPBL),  
नई दिल्ली-110001

विषय: भारतीय पोस्ट पेमेंट बैंक लि.(IPPBL) के वर्ष 2019-20 के वार्षिक लेखों पर कंपनी अधिनियम, 2013 की धारा 143 (6) (बी) के तहत सीएजी की टिप्पणियाँ।

महोदय,

I am to forward herewith 'Nil Comments' certificate under Section 143(6)(b) of the Companies Act, 2013 on the annual accounts of IPPBL for the year ended 31<sup>st</sup> March 2020 for information and further necessary action.

The receipt of this letter may please be acknowledged.

Encl: As above.

भवदीय,

  
(मनीष कुमार)

प्रधान निदेशक लेखापरीक्षा  
(वित्त एवं संचार)



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDIA POST PAYMENT BANK Ltd. (IPPBL) FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

The preparation of financial statements of India Post Payment Bank Ltd. (IPPBL) for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the Management of the Company. The Statutory Auditor/Auditors appointed by the Comptroller & Auditor General of India under Section 139 (5) of the Act are/is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 21.07.2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IPPBL for the year ended 31 March 2020 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 143 (6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

**(Manish Kumar)  
Principal Director of Audit  
(Finance & Communication)**

Place: New Delhi  
Date: 08.10.2020



**Management's Reply to the Comments of the Secretarial Auditor Report for the Financial Year 2019-20**

S.No.	Comments/Remarks	Management Reply
01	The Appointment of CFO has been done without recommendation of the Nomination and Remuneration Committee.	Shifting of charge of Mrs. Savita Gupta, Ex- CFO to Mrs. Seema Singh, GMHR was an instant decision taken by the Board and so it was not proposed via NRC. Henceforth all the appointments of the Board and KMP will not be done without the recommendation of NRC.
02	The number of independent directors in the Board as on March 31, 2020 were not in majority as stipulated in the Guidelines for Licensing of Payments Banks (“licensing guidelines”), five out of the ten directors were independent directors	Ministry has already initiated the process of appointment of three Independent Directors of IPPB.
03	As per the records of the Company, in some instances, the Company has filed the forms and returns under the Companies Act, 2013 and rules made there under with additional fee.	The observation is noted for future compliance.



