



Growth with Excellence

Bridging the gap in delivery of
Financial Services





POWERING DIGITAL TRANSFORMATION, CHANGING LIVES FOR BETTER



India Post Payments Bank took the road less travelled while embarking on the journey of financial empowerment of every citizen. Since independence, the formal banking sector has not been able to include the rural masses into their fold. & unbanked citizens continued to be high. "IPPB would usher in Economic Transformation by bringing Banks to the Doorsteps of the villagers and the poor" - it was with these words that Hon'ble Prime Minister had announced the launch of India Post Payments Bank on September 1, 2018. The trusted and humble postman was now also a banker to millions of unbanked and under banked Indians who had no access to financial services so far.

India Post Payments Bank is committed towards transforming itself into a Digitalised Organization and reaching to the last mile with its technology enabled operations. With Digital advancement and footprints across the country, we intend to be a part of progressive India where every individual falls under the purview of formal banking. In order to achieve this, we are trying to reach out to the unbanked & underbanked population of the country, while also catering to the metro & urban India through our products and services.

From digitizing post office counters through a simple QR code to enabling digital payments through IPPB Mobile Banking App into various post office savings schemes and setting up a robust interoperable doorstep banking between the world's largest postal network & one of India's most accessible and affordable bank has been setting new benchmarks and milestones.

During financial year 2021-22, the Bank has touched upon millions of lives with the trust & accessibility of 'Daakiya' offering banking services at the doorstep of the customers. At the same time, making entire banking services at a click, together defines the journey of 'Growth with Excellence'. Beyond this, the relationship with our customers is supreme as we say,

जोड़िये नाता, खोलिए रिश्तों का खाता

In this journey of change & transformation, IPPB is contributing its technological prowess in helping modernize products & processes of DoP in line with best banking practices. Similarly, DoP is extending the support of its massive and unmatched distribution network in creating a unified one-stop platform for delivering various Government – to – Citizen services that has the potential to radically change the overall banking experience for our existing and new customers.

As we continue our journey into the 6th year of operations, it is our responsibility to cater to all banking needs of the customers who are located in different parts of the country. Our aim is to become the most trusted banker to every citizen of the country by bringing the bank to their doorstep. To accentuate to our philosophy '**Aapka bank, aapke dwaar**' further, we, through Aadhaar enabled Payments System (AePS), are now bringing '**Har bank, aapke dwaar**'.



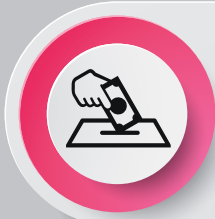
37
STATES & UTS



650
BRANCHES



129,000+
POSTMEN & GDS



₹ 3,691 Cr
TOTAL DEPOSITS



₹ 330 Cr
TRANSACTIONAL
REVENUE

650
DISTRICTS



136,000+
BANKING ACCESS
POINTS



5.26 Cr
CUSTOMERS



₹ 461 Cr
TOTAL INCOME



40.83%
CAPITAL
ADEQUACY RATIO



**NUMBERS
THAT DEFINES
THE BANK**





5th ANNUAL REPORT

INDEX

| Contents | Page No |
|--|---------|
| ➤ Chairman's Message..... | 05 |
| ➤ MD & CEO's Message..... | 07 |
| ➤ Board of Directors..... | 09 |
| ➤ IPPB at a Glance..... | 10 |
| ➤ About India Post Payments Bank | |
| ➤ Vision & Mission | |
| ➤ Customer Segments | |
| ➤ Diversified Product Suite | |
| ➤ Out Reach | |
| ➤ Business Highlights..... | 15 |
| ➤ Touching Lives Making a Difference..... | 16 |
| ➤ Milestones and Achievements..... | 17 |
| ➤ Functional Highlights..... | 18 |
| ➤ Brand Building & Product Marketing | |
| ➤ Products & Tie-Ups | |
| ➤ Customer Service | |
| ➤ Human Resources | |
| ➤ Information & Cyber Security | |
| ➤ Risk Governance & Framework | |
| ➤ Vigilance Administration | |
| ➤ In the News..... | 29 |
| ➤ Awards & Recognition..... | 30 |
| ➤ Director's Report..... | 34 |
| ➤ Independent Auditor Report..... | 42 |
| ➤ Annual Accounts for Financial Year ended March 31, 2022..... | 53 |
| ➤ CAG Audit Report..... | 87 |
| ➤ Secretarial Audit Report..... | 89 |





CHAIRMAN'S MESSAGE



Reaching to five-crore customers in just 3 years of commencement of its operations to become one of the fastest growing digital bank in the country speaks of the success of the IPPB's model of providing a cost-effective, simple and secure digital ecosystem.

Dear Shareholders,

It gives me great pleasure to place before you the highlights of the Annual Report of your Bank's performance and major initiatives for the financial year 2021-22. The year 2021-22 marks a remarkable year as IPPB continues to leverage the postal architecture of India, working hand in hand to increase the reach of financial services including the unbanked & underbanked sections of India under the digital spectrum.

Financial year 2021-22 continued with the challenges posed by the COVID-19 pandemic. With small businesses and those with relatively limited financial resources being severely hit by the pandemic, these extraordinary times have also reiterated the relevance of your Bank's operating model that ensured its growth with excellence, bridging the gap in the delivery of financial services to become one of the largest financial inclusion networks in both urban & rural India. Reaching five crore customers in less than four years is a glowing testimony of the success of this model of providing cost –

effective, simple, easy & secure digital ecosystem, particularly in rural India. We are happy that we could empower rural women too, to avail the banking services at their doorsteps.

Through important and ongoing investments in technology and with the introduction of new capabilities, we are strengthening our ability to serve the customers' changing needs. With a clear focus on the future, your Bank launched various financial services this year including General Insurance and Home & Vehicle loans products along with multiple value-added services like Child enrolment, Mobile number updation & tie-ups with other banks & financial institutions maximising the ubiquitous network of our Gramin Dak Sevaks and Postal staff leveraging the last mile network through our technology- driven digital banking platform.

Your Bank's Progress

Your Bank reported healthy sequential progress across parameters as the operating conditions improved. More importantly, even during these





difficult times and, often, emotionally exhausting instances, the Bank's employees never wavered from their focus on supporting its customers.

Your Bank was able to grow with more than 22% growth in new customer acquisition, the value & volume of digital transactions touched higher than ₹ 1.5 lakh crore through more than 83 crore transactions showing unprecedented growth of 163% & 427% respectively. Your Bank has been able to generate a very healthy CASA balance of ₹ 3,691 Crore as on 31st March 2022.

Your Bank continues to focus on bringing every Indian under the fold of mainstream digital banking services with both doorstep and self-service options to cover the broad spectrum of aspirations of 1.4 billion Indians today.

I am happy to share that the Bank will be enhancing their role with the Dept of Posts leveraging the Bank's capabilities to manage the technology for the Banking and Insurance functions of DoP.

CONCLUSION

As we close another year of progressive change, I thank our MD & CEO and the Senior Executive Team for their exceptional leadership throughout 2021. Most importantly, we recognize the determination and hard work of our colleagues, who deliver extraordinary services every day with dedication and thank our customers for the opportunity to serve them.

As we move forward on this exhilarating journey, I am delighted that IPPB has been able to leverage upon its parental strength of Department of Posts and is steadily transforming & reshaping the financial inclusion landscape across the country.

Thank you very much!

Vineet Pandey
Secretary (Posts), DoP & Chairman, IPPB





MD & CEO's MESSAGE



“By bringing banking at the doorsteps of customers, IPPB is steadily transforming and reshaping the financial inclusion landscape across the country. Our endeavour is to build a unified platform offering various citizen-centric services including, credit at the doorstep by leveraging digital technologies and alternate data sources in collaboration with lending partners.”

Dear Shareholders,

I am pleased to present before you the Annual Report of India Post Payments Bank (IPPB) for FY 2021-22. Building on the challenges of the pandemic, we are happy to share that your bank has shown tremendous growth par excellence in all our endeavours.

With the strong belief that India will shine and prosper when every citizen will have an equal opportunity to become financially secure and empowered, IPPB with its robust network and comprehensive suite of products and services has played a transformative role in the last three years of its inception in the payment banking landscape of the nation.

With the advent of the new year 2022, your bank accomplished the milestone of reaching Five Crore Customers. This significant feat was the result of our dedicated efforts using digital and paperless mode through our strength of over 1,36,000 Post Offices. Interestingly, out of the total account holders, around 48 percent are

women account holders, reiterating the Bank's focus on bringing women customers into the banking network.

IPPB aims to provide every household in India access to efficient banking services & enable them to become financially secure & empowered. We continue to accelerate the Government's objective to remove barriers for the unbanked and under-banked. Your Bank is able to scale its customer acquisition on a fully digital & paperless banking platform serving people at their doorstep.

Carrying forward the digital mission this year, we launched multiple new products & initiatives. Starting with the launch of General Insurance Products and moving forward to tie-ups with leading banks like HDFC, LICHF, Axis Bank, and Bank of Baroda offering a gamut of home loans and other products taking digital banking to the grassroots level. Facilitating value-added services such as mobile updation & child enrolment in Aadhaar have particularly benefited customers in the semi-urban and rural areas.





As we stay true to our motto emphasizing the fact that Every customer is important; Every transaction is significant, and Every deposit is valuable for us, we move from strength to strength to build a unified service platform offering various citizen-centric financial services, including credit, at the customer's doorstep.

ACKNOWLEDGEMENT

On behalf of your Company's Board of Directors, I wish to convey my deep gratitude to you as our valued shareholder for your continued support

and trust. This motivates us to excel in all our pursuits and constantly create value for you as well as for the nation. I appreciate the unstinted support and valuable guidance received from the Ministry of Communications & Department of Posts, Government of India.

Warm regards
J. Venkatramu
Managing Director & CEO, IPPB





BOARD OF DIRECTORS



Shri. Vineet Pandey
Chairman, IPPB



Shri. J. Venkatramu
MD & CEO, IPPB



Smt. Anindita Sinharay
Nominee Director



Shri. Sanjay Prasad
Nominee Director



Shri. Pawan Kumar Singh
Nominee Director

Company Secretary : Mrs. Priyanka Bhatnagar

Statutory Auditor : Mehra Goel & Company

Secretarial Auditor : VAP & Associates

Chief Financial Officer : Shri Anoop E. S.

Registered Office : Speed Post Centre, Bhai Veer Singh Marg, Market Road, New Delhi-110001



ABOUT INDIA POST PAYMENTS BANK

India Post Payments Bank (IPPB) has been setup under Department of Posts, Ministry of Communications 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 a network comprising of 1.55 lakh Post Offices and around 3 lakh postal employees.

IPPB's target market segments, being some of the most financially excluded & 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 & a biometric device connected real-time online to a Core Banking Platform, IPPB has transformed the banking & financial inclusion landscape in India.

IPPB is leveraging the vast Postal network of nearly **1.55 lakh** Post Offices and 3.0 lakh postal employees in every district, town and village of the country to increase the size of rural banking infrastructure by almost **2.5 times**. This combination of Digital technology and Physical Infrastructure is a strong force to reckon in today's emerging digital economy creating a **Phygital Platform for Rural India**. IPPB -DoP combine has harnessed this infrastructure, with a trustworthy brand & technology-led innovation through the collaboration of Fintechs, Government and institutions in banking ecosystem to deliver a variety of services under one roof establishing a robust service infrastructure.

IPPB's reach and its operating model is built on the key pillars of India Stack - enabling Paperless, Cashless & Presence-less banking in a simple & 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 & affordable banking solutions through intuitive interfaces available in 13 languages.

IPPB is committed to provide a fillip to a less cash economy and contribute to the vision of Digital India. India will prosper when every citizen will have equal opportunity to become financially secure and empowered. Our motto stands true - Every customer is important; every transaction is significant, and every deposit is valuable.

Aapka bank, aapke dwaar



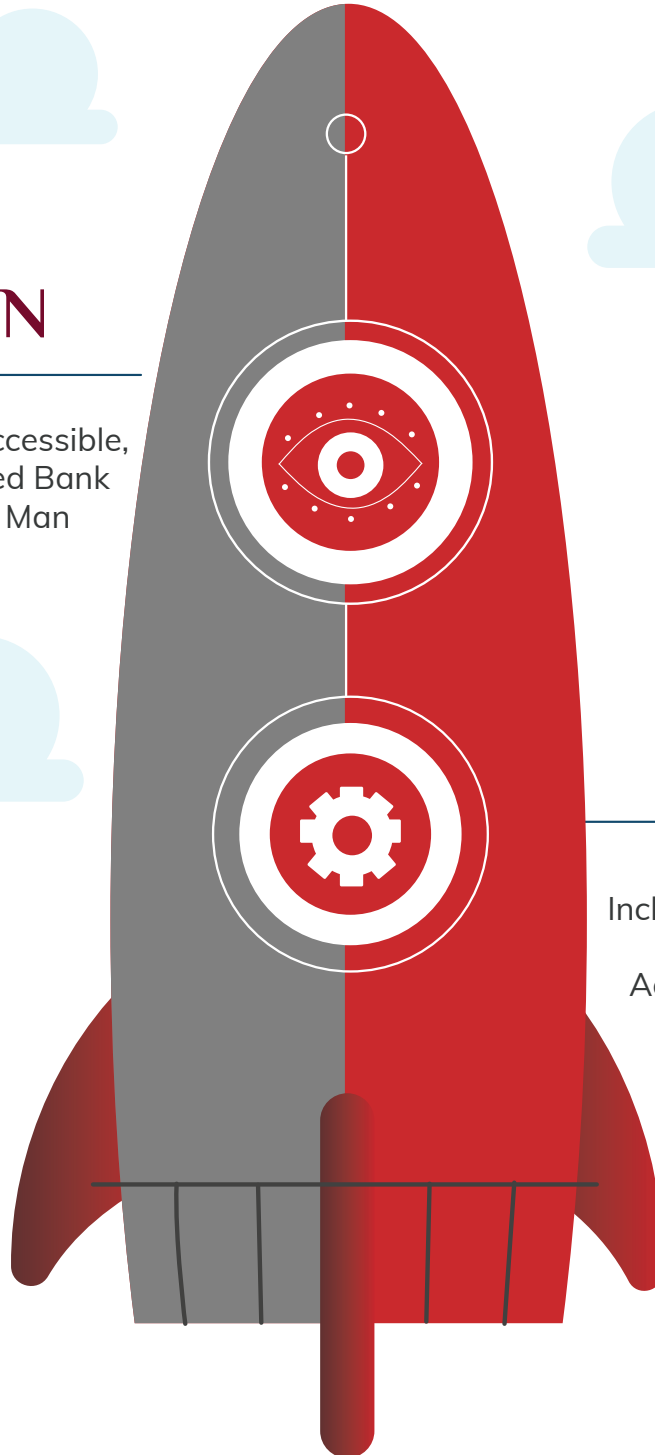


VISION

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

MISSION

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



CUSTOMER SEGMENTS

IPPB is committed to serving the financial and banking needs of its customers. Keeping the customer at the centre of everything we do, our wide range of products and services are aimed at creating value and a delightful experience for them. Our easy-to-use, efficient, secure and intuitive solutions are driven by the emerging needs of Bharat and Urban India. In response to the evolving business environment & ecosystem, IPPB always strives to be ahead of the curve and meet the ambitions and aspirations of its customers.

Our customers come from different corners of the country and all walks of life. While a significant

proportion of them are from rural area, many have never possibly visited a bank or had a savings account before. With India Post's legacy of serving the nation for over 150 years combined with the last mile connect of the trusted local 'Dakiya', this is now very much possible. Whether it's farmers, senior citizens, specially abled persons, kirana store owners, students or housewives, IPPB has been able to make a difference in their lives by not only bringing banking services at their doorstep but also creating an ecosystem that promotes and supports inclusive growth.





DIVERSIFIED PRODUCT SUITE

Keeping in sync with the changing times, the Bank launched a range of diversified products and services during the financial year 2020-21 to meet evolving customer needs and preferences. With our expanding bouquet of innovative solutions, it has been our constant endeavor to deliver a holistic & complete 360 degree banking experience that is contemporary, seamless, and built for the new normal. IPPB's product and

services portfolio is wide ranging and includes Savings Account, Current Account, Money Transfer, Utility Bill Payments, Aadhar enabled Payment System, Virtual Debit Card, Government to Citizen services etc.

POST OFFICE CUSTOMERS

- Interoperability for Post Office Saving account through Linkage with IPPB account
- Digital Payments to Post Office Schemes such as SSA & PPF, RD & LARD
- Digital Payments to Postal life Insurance Premium
- Digital payments at Post Office Counters

CUSTOMER/ MERCHANT OF IPPB

- Savings/Current Account
- Fund Transfer
- Virtual Debit Card
- Prepaid Recharges & Bharat Bill Payment Service
- Aadhaar Pay service for Merchants
- Life Insurance – Term, Endowment & Annuity
- General Insurance – Motor, Group Accident & Health
- Mutual Fund

G2C SERVICES

- DBT – Social Benefits Enrolment & Distribution
- Digital Life Certificate for Pensioners
- Aadhaar Mobile Number update service
- Child Aadhaar Enrolment
- Insurance - PMJJBY

CUSTOMER OF ANY BANK

- Cash Withdrawal from any Account – AePS
- Cash Deposit to any Account – DMT
- Payment by cash towards Bills, Insurance Premiums, Loan EMI's etc.
- DakPay UPI app for Customers / Merchants to transact from ANY Bank account
- Financial institutions NBFCs





OUT REACH

With a diversified geographical footprint that covers the entire length and breadth of the country, India Post Payments Bank addresses the banking and financial needs of over 5 crore customers in 37 states/union territories currently. With the proliferation of digital technologies, India's financial services landscape is undergoing transformation at a speed and scale that has not been

witnessed before. Combining an unparalleled & robust network of 650 branches and over 136,000 banking access points, IPPB wants to be at the forefront of this transformation through its expansive physical presence & digital capabilities, and deploying innovative ways to take banking to the last mile.



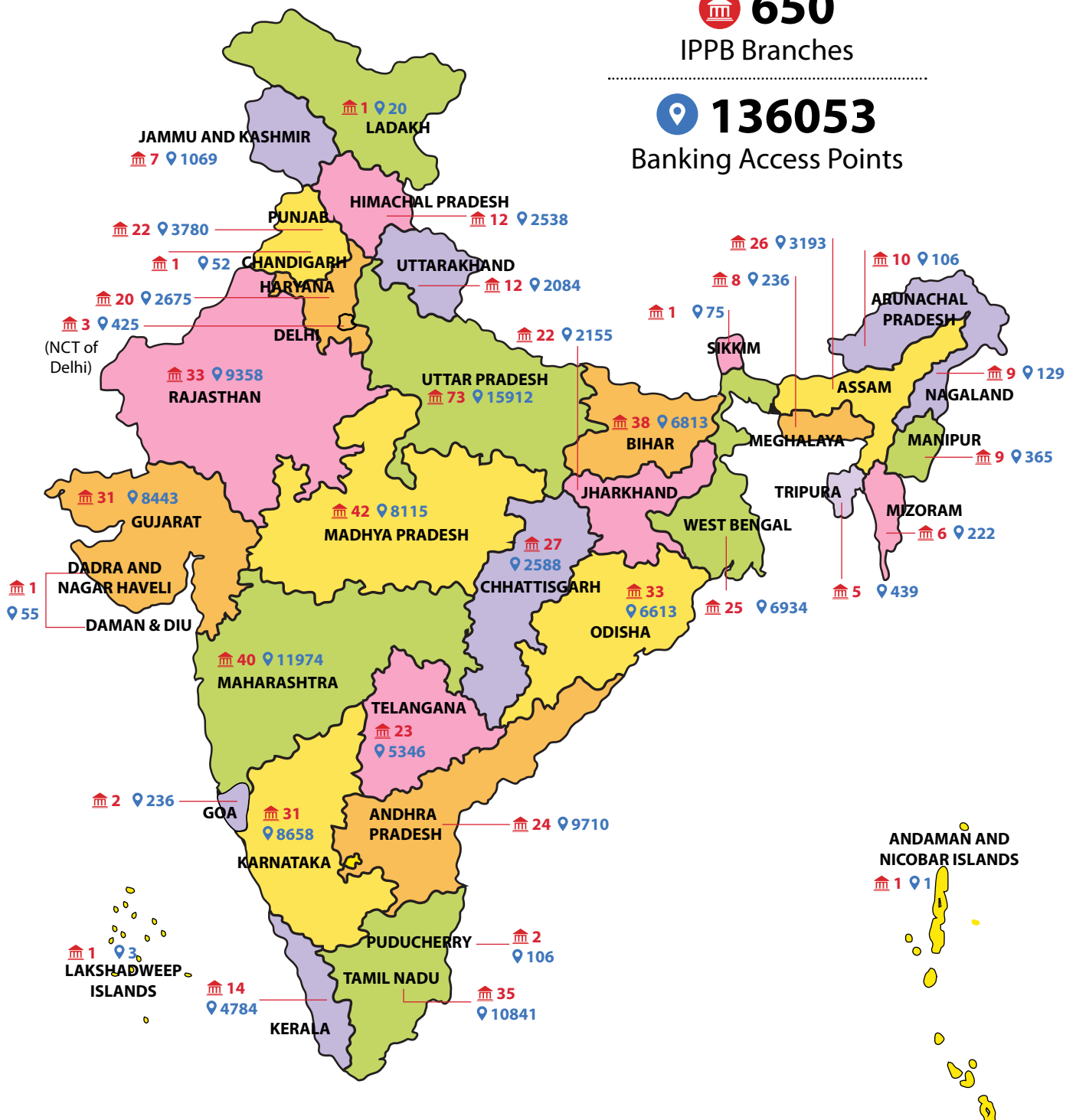
650

IPPB Branches



136053

Banking Access Points





BUSINESS HIGHLIGHTS

| | As of March 31, 2021 | As of March 31, 2022 | Y-o-Y growth in % |
|--|-------------------------|-------------------------|----------------------|
| Total number of customers | 4.31 Cr. | 5.26 Cr. | 22.04 |
| Total deposits | 2,300 Cr. | 3,691 Cr. | 60.48 |
| Value of digital financial transactions | 58,709 Cr. | 1,54,367 Cr. | 162.94 |
| Number of digital financial transactions | 15.91 Cr. | 83.84 Cr. | 426.96 |
| Value of AePS transactions | 11,733 Cr. | 20,939 Cr. | 78.46 |
| Total DBT beneficiaries | 72.68 Lakh | 1.06 Cr. | 45.21 |
| Transactional value of digital payments to DoP schemes (PPF/SSY/RD/LARD) | 2,361 Cr. | 5,416 Cr. | 129.39 |
| Number of mobile app downloads | 86 Lakh | 1.34 Cr. | 55.81 |
| No. of IPPB accounts linked with POSA | 21.85 Lakh | 28.68 Lakh | 31.26 |





TOUCHING LIVES MAKING A DIFFERENCE

Nearly 50%
of account holders **women**



98% of accounts opened
at customer's **doorstep**
using **micro-ATM**

Over **55.40%** of accounts held
by **women** receive **DBT**



90% of customers
from **rural areas**

99% accounts
Aadhaar enabled



46.47 lakh
RuPay Virtual debit cards
issued

8.47 lakh
Digital life certificates issued



1.75 lakh
PMJJBY Enrollments





MILESTONES AND ACHIEVEMENTS

March 2022

- Virtual Debit Cards crossed 45 Lakhs issuances
- MoU with Ministry of Health and Family Welfare for onboarding Nishchay Poshan beneficiaries

February 2022

- AePS transaction value crossed Rs. 20,000 crore

January 2022

- Milestone of crossing 5 crore customers achieved
- Digital Financial transactions crossed Rs. 1.5 Lakh Crore

December 2021

- DBT crossed Rs. 5000 crore

November 2021

- Tie-up with multiple Banks to offer Two Wheeler Loan, Gold Loan, Auto Loan, Personal Loan, Housing Loan
- Launch of Individual Business Correspondents (IBC) business channel

October 2021

- CASA deposits crossed Rs. 3,000 crore

September 2021

- Bill Payment transactions crossed Rs. 600 crores

August 2021

- Milestone of 1 crore Mobile App Downloads achieved
- Tie-up for offering Cash Management Services

July 2021

- Launch of Cash To Bill Payments facility for IPPB customers & non-customers for cash based payments

June 2021

- Launch of Mobile Updation & Child Enrolment in Aadhar
- Launch of General Insurance Products
- Tie-up for offering Business Loan to MSMEs (Micro Small and Medium Enterprises)

May 2021

- Tie-up for offering affordable Housing Loan and Loan against Property

April 2021

- Domestic Remittance crossed 4 crore transactions (Rs. 22, 500 crore)
- Crossed 55 lakhs accounts opened in Left Wing Extremism (LWE) districts
- DBT in LWE Districts crossed Rs. 600 Crores





FUNCTIONAL HIGHLIGHTS





BRAND BUILDING & PRODUCT MARKETING

IPPB Anniversary Celebrations- 3rd Anniversary of IPPB National Launch was celebrated with zeal and fervour across all offices of India Post Payments Bank. Offices were decorated with danglers and standees etc.

Updation of Marketing Collaterals

In order to make the existing design of QR Card more attractive & informative, New design of QR Card was launched in October 2021.



Customer Flyer, a creative with all products and services was released with field team. The flyer can be used to market our offerings to existing as well as prospective customers. It can also be used to publicize IPPB offerings among Post Office SB customers visiting the counters.

Participation in Fin-tech Yatra- IPPB has participated in the Fintech Yatra 2021 which has covered around 15 cities & met several start-ups across the country. The Fintech Yatra has enabled IPPB to connect with 6-8 start-ups till now. These start-ups are working on innovative models and concepts which will translate to the profitable business proposition. This Yatra has also showcased our Yeshwanthpur SO, Karnataka circle to portray the model of financial inclusion powered by digital banking and reaching to the last mile.

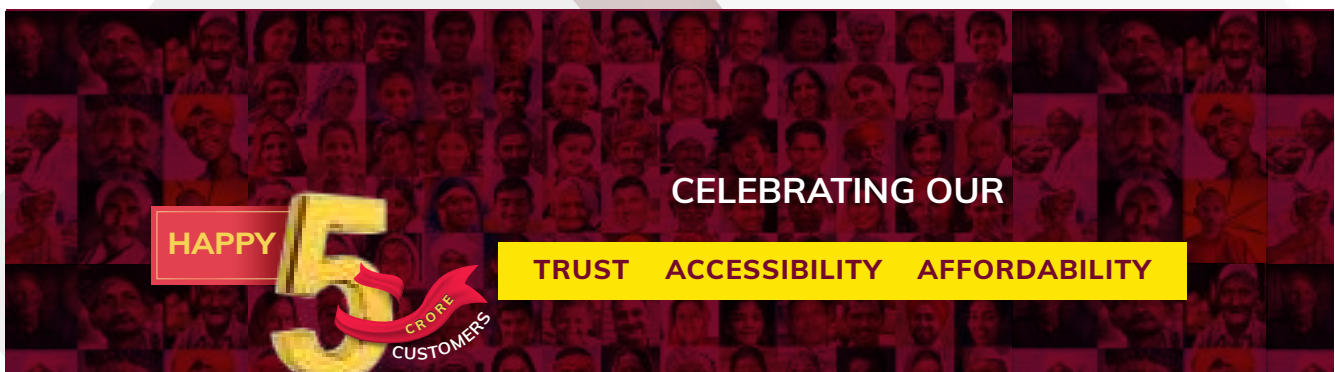


Launch of Marketing Inventory & Distribution Access System (MIDAS)- Marketing Department has launched an online inventory & sharing tool for all marketing print collaterals/ creatives to provide easy access at field level. This will help in organizing, storing and sharing the marketing creatives with greater ease for printing and relevant field usage.

With rollout of this system, the Circle/ Branches will have access to all the marketing collaterals on the go with ease to access. The link has approved creatives like banners, posters, flyers and many more required by the field teams for their marketing activities like financial literacy camps and other day to day activities, in JPG/ PDF & open file format (AI/CDR) as applicable.

Celebrations of 5 crore customer mark- IPPB crossed the milestone of 5 crore happy customers in January 2022 which was celebrated at all Offices of IPPB across the country. Dangles/ Posters/ Balloons were placed/ decorated to mark this achievement. This was also published on our social media handles showing gratitude to our customers.

3rd Party Indent Management for Marketing Collaterals- Field requirements for 3rd Party co-branded collaterals are compiled and shared with the third parties for refilling the inventory at the branches. This is done on monthly basis.





PRODUCTS & TIE-UPS

Product launches and tie-ups during FY 2021-22

1. **Mobile number updation in Aadhaar & Child enrolment**- Aadhaar linked mobile number is being increasingly used to provide various services to the citizens. Thus there is a great demand in the field for the same. Updating the same at the Aadhaar enrolment center takes time due to the rush at such centers that caters to all the other Aadhaar related services. IPPB provides this facility of updating the mobile number in Aadhaar in a paperless mode through biometric authentication through a 'CELC' mobile app provided by UIDAI. The service is available at the Post Offices or through the Postmen at the doorstep. The app also allows enrolment of children below 5 years of age in Aadhaar and issuing them an Aadhaar number. Thus the enrolment of children in Aadhaar can be done with ease at the doorstep and an Aadhaar card can be issued to them early.
2. **General Insurance (GI) products-**
 - a. **Motor Insurance-** Two Wheeler and Four Wheeler -
 - i. Motor Insurance (2 Wheeler & 4 Wheeler) sales is done through the trained and certified Point of Sale Persons (POSPs).
 - ii. Only Non-commercial Vehicles can be insured. (Vehicles with yellow Number plate cannot be insured)
 - iii. The sale of insurance products will be through the assisted mode in Micro ATM
 - iv. These products are designed to cover the risk to vehicles, damage to a third party & personal accident coverage in varying combinations.
 - b. **Health Insurance-** Bank is offering Health Insurance (Medicare) of Tata American International Group (TATA AIG) & Family Health Care Gold of Bajaj Allianz General Insurance Co. Ltd (BAGIC) through GI POSP Certified assisted Sales Channel. It offers medical coverage to the policyholder(s) for medical expenses incurred in case of a health emergency arising out of sickness or injury and includes different medical expenses including surgical, day-care and critical illness and even OPD expenses depending upon Policy terms. expenses including surgical, day-care and critical illness and even OPD expenses depending upon Policy terms.
3. **IPPB BBPS platform for customers and non-customers for cash based payment (mATM and CBS)** - With this service we are able to facilitate bill payments in cash from anyone at their doorstep and at our access points for all billers which are available on NPCI's BBPS Platform. Now we are able to service Bill Payments for "ALL CITIZENS" regardless of whether they are IPPB account holders or not. This service will benefit the customers who are not digitally savvy and wish to pay their bills in cash.
4. **Strategic Engagement-** IPPB had engaged with multiple Institutions like Employee Provident Fund Organization (EPFO), various Port Trusts across the country and Defense Service Pensioners Association for facilitating Digital Life Certificate to pensioners at their doorstep. India Post Payments Bank has entered into an MoU with Ministry of Health and Family Welfare for opening accounts of beneficiaries of the Nischay Poshan scheme.

India Post Payments Bank has entered into an MoU with Ministry of Health and Family Welfare for opening accounts of beneficiaries of the Nischay Poshan scheme.
5. IPPB had enrolled with UIDAI as a registrar, to facilitate Mobile Number update and Child enrolment through Child Enrolment Lite Client(CELC) application for rendering service to common masses through IPPB delivery channel. IPPB has touched more than 3.06 Crore citizens in FY 21-22 for mobile number update and has been able to enroll more than 5.52 lac children on to Aadhaar
6. **Facilitating credit services to IPPB Customer base-** IPPB with the restriction on extending credit facility to its customers has engaged with multiple NBFCs & Scheduled Commercial banks for generating Credit products leads.
7. **Extending Cash Management Services(CMS)-** IPPB with an aim to become a preferred partner for collections across all post offices had signed Receivable Management MOU with Shriram City Union Finance Limited, DTDC Express Limited, Aadhaar Housing Finance Limited.



CUSTOMER SERVICE

India Post Payments Bank has constantly adopted a customer centric approach focusing on delightful customer experience in every interaction while being trusted for integrity and highest standards of governance. With new product offerings and excellence in Customer service at the crux of the strategy, IPPB provide seamless banking experience to our customer. In order to swiftly handle the queries and redress the customer grievance IPPB provides multiple avenues of contact to its customers.

To ensure prompt resolution of customer grievances IPPB has designated Grievance Redressal Officers/ Nodal officers at Circle level & Principal Nodal officer at Corporate office. Further, in line with the Internal Ombudsman Scheme 2018, the complaints, which the Bank proposes to reject/ provide partial resolution, are referred to the Internal Ombudsman (IO) prior to responding to the customer.

Various initiatives taken in the area of customer service in FY 2021-22 includes:

- During the year IPPB sustained improvement in Quality score card, which is key metric for measuring the customer satisfaction.

- IPPB Contact Center continues to provide 24*7*365 assistance to their customer through Noida, Chennai, and Kolkata centers which supports 13 languages through IVR and inbound and outbound calling (Hindi English and other 11 vernacular Languages). It is equipped to handle emergencies like unauthorized Debit transactions and Virtual Debit Card Blocking, enquires for which dedicated number has been deployed 18008899860 & 155299 for other grievances.
- Doorstep banking and banking through mobile has been made easy for customers or Non Customers with addition of PSP application and other services with existing multiple frequently used options and functionalities (Nomination registration). The PSP application and existing mobile application are being enhanced with new functionalities in order to provide better user experience.
- This year total number of complaints received is 20170 (i.e.271 complaints outstanding as on 01.04.2022, 20158 complaints were resolved up to the satisfaction of the complainant, till 31st March, 2022.





Complaints received during FY 20-21 & FY 21-22

| S No | | Particulars | Position For Year ended 31 st March 2021 | Position For Year ended 31 st March 2022 |
|---|-----|---|---|---|
| Complaints received by the bank from its customers | | | | |
| 1 | | No of complaints pending at the beginning of the year | 590 | 259 |
| 2 | | No of complaints received during the Year | 13992 | 20170 |
| 3 | | No of complaints disposed during the year | 14323 | 20158 |
| | 3.1 | Of which, number of complaints rejected by the bank | | 219 |
| 4 | | No of complaints outstanding at the end of the year | 259 | 271 |
| Maintainable complaints received by the bank from OBOs | | | | |
| 5 | | Number of maintainable complaints received by the bank from OBOs | 45 | 115 |
| | 5.1 | Of 5, number of complaints resolved in favour of the bank by OBOs | 44 | 115 |
| | 5.2 | Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by OBOs | 1 | 0 |
| | 5.3 | Of 5, number of complaints resolved after passing of Awards by BOs against the bank | 0 | 0 |
| 6 | | Number of Awards unimplemented within the stipulated time (other than those appealed) | 0 | 0 |

Note-

- All open 271 complaints are closed as on date.
- The number of transactions of the Bank has increased multifold and new products have been launched by bank during the FY21-22.
- While the overall customer base increased, the number of complaints received have seen an increase. (Ratio of number of complaints to customer is 0.007% for March'21 whereas for March'22 it is 0.038%).
- 96.11% of complaints getting resolved within 7 days and the average TAT for resolution of complaints has come down to less as 3.17 days.



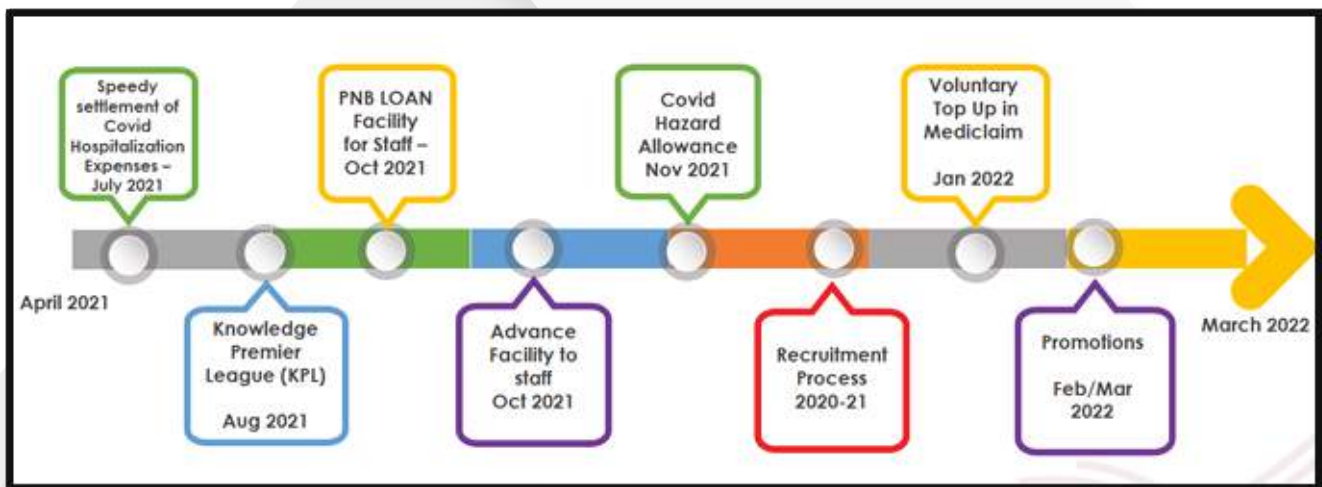
HUMAN RESOURCES

People create value, HR foster People Engagement

We at India Post Payments Bank believes that Human Resource are the most valuable asset of the organization. Our employees are instrumental in achieving the organizational goals. They are in fact the drivers of 'Growth with Excellence'. The Bank goes beyond the routine and encompasses all aspects of people's management by building a positive work culture.

The Human Resource Department of the Bank launched various initiatives during FY 2021-22 that were aligned with the aspirations of the workforce.

Major HR Milestones during 2021-22





INFORMATION & CYBER SECURITY

IPPB has adopted sophisticated technology to roll out 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 & continuous banking operations.

Cyber Security

IPPB believes that cyber security is an important risk focus area considering the rapid digitization, increasing transaction intensity and connectivity to networks and ecosystems.

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 'defense-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 & 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 & Data Privacy 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.

IPPB information security department 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, and to handle various malicious attacks the Bank has put in place advanced security solutions and implemented anti persistent threat solution, server protection solution, privileged id management solution, network protection solution etc. On top of this, a quarterly vulnerability assessment exercise is carried out to assess the vulnerabilities, and to ensure identified vulnerabilities are mitigated and the risks are managed.

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. 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. Along with the deployed security tools, as part of Cyber defense response and to assess and respond to the real time cyberattack the bank also participate in quarterly cyber drill exercise and other phishing simulation exercises conducted by the regulator.

As part of independent assurance the CISO office engage with CERT-in empaneled auditors for conducting the annual Information Systems and Security audit for bank.

Employees are kept updated about latest security threats and best security practices. The Bank provides cyber security awareness to its employee's customers on a continuous basis through various channels like SMS/ email/learning portal website/ etc.

The CISO office & 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.





RISK GOVERNANCE AND FRAMEWORK

As a Payments Bank, we are primarily exposed to Operational risk, Market risk, Liquidity risk, Interest rate risk among various other risks. The Bank has formulated various Risk Management Policies & Strategies to identify, measure, monitor and manage risk efficiently and establish control systems in line with the Bank's aggregate Risk Appetite. The major policies formulated and approved by the Board of Directors of the Bank to address such risks are Treasury Investment Policy, Asset Liability Management Policy, Market Risk Management Policy, Operational Risk Management Policy, Outsourcing Policy, Business Continuity Policy, ICAAP Policy, Stress Testing Policy, Fraud Risk Management Policy, Information Security Policy and Cyber Security Policy etc.

Key Risks & Mitigants

- **Operational Risk Management:** It is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. To manage Operational Risk, Bank has framed an Operational Risk Management Policy along with supporting frameworks such as
 - a. Product & Change Approval Framework to Identify & Address key risk issues in new Product/Process
 - b. Risk and control Self-assessment (RCSA) to assess risks in the products / process & test controls
 - c. Loss Data Management (LDM) framework for Identification, Reporting, Accounting and Closure of the Operational Risk loss event thereby measuring the loss & containing it through corrective actions
 - d. Key Risk Indicators (KRI) to monitor risk issues (KRI). Further, thematic study on the products & processes of the bank is also conducted to identify operational risk issues, if any and suggest suitable controls wherever required.

- **Fraud Risk:** Section 25 of the IPC states "a person is said to do a thing fraudulently, if he does that thing with intent to defraud but not otherwise". An act on criminal deception carried out singly or in collusion with others, with a view of deriving gains to which one is not legally entitled.

In order to curtail frauds, management and board level committees are responsible to examine the cases of frauds / attempted frauds and to put system in place and procedures for prevention of frauds. Apart reporting of all frauds cases of Rs. 1.00 lakh & above to the Board, the Bank also reports these cases to RBI.

To address payment system related frauds, Bank is following Enterprise Fraud Risk Management Solution developed by NPCI. The Bank believes that Prevention is better than Cure and in this direction; the Bank has augmented the Fraud Prevention measures, by circulating weekly Fraud Risk Management Series to its staff. The bank also circulates Fraud Risk Awareness to its customers and to the general public through hosting it on social media and also covering it in the e-statements being sent to the customers. The Bank has dedicated Self Learning Portal where the bank has hosted mandatory E learning module on 'Fraud Risk Management' for the staff.

Market Risk Management & Asset Liability Management: It is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices. As a Payments bank, we are primarily exposed to change in interest rate variables. The Board of Directors is responsible for overall management of Market Risk at the enterprise level through Sub Committees of the Board and Management Level Committees.





The Bank has put in place an Asset Liability Management Policy & Market Risk Management Policy to address the liquidity risk, interest rate risk and market risk etc. The Bank has also formulated Treasury Investment Policy to set operating guidelines for its treasury functions. These policies comprise management practices, procedures, prudential risk limits, review mechanisms and reporting systems etc. These policies are reviewed periodically in line with changes in financial and market conditions.

Market Risk in trading book is monitored and managed as per appropriate control mechanism defined in the Market Risk Management Policy. Market position, funding patterns, duration, counterparty limits and various other sensitive parameters are also monitored by the Bank on regular basis.

The Bank measures and monitors liquidity risk for all items of balance sheet through structural liquidity statements and stock ratios on regular basis. The Bank measures and monitors its Interest rate risk through interest rate sensitivity gap reports.

- **Basel-III Compliance:** In line with guidelines of the Reserve Bank of India, the Bank has adopted Standardized Approach (SA) for Credit Risk, Basic Indicator Approach (BIA) for Operational Risk and Standardized Duration Approach (SDA) for Market Risk for computing the capital adequacy ratio. The Bank has been computing the Capital to Risk Weighted Assets Ratio (CRAR) & Leverage Ratio (LR) under Basel-III norms at quarterly interval. In order to comply with Pillar 2 guidelines of the Basel capital adequacy framework, the Bank has also formulated a Policy on Internal Capital Adequacy Assessment Process (ICAAP) and for the assessment of all material risks the Bank is exposed to and the risk management processes which are put in place to manage and mitigate those risks and also to evaluate its capital adequacy commensurate with such risks. In line with RBI guideline and as per the Stress Testing Policy of the Bank, the Bank conducts Stress Testing analysis on quarterly interval on various risks like Liquidity Risk, Interest Rate Risk and Operational risk and assesses the impact on capital adequacy & profitability.

BC MODEL- PROGRESS & INITIATIVES

Our bank functions through exclusive BC arrangement with India Post which facilitates availability of banking services through 150000+ post offices, called access points, all across the country where more than 260000 trained and certified Grameen Dak Sevaks and Postmen provide seamless banking experience to masses at their doorsteps at a negligible cost. About 84% of our access points are in rural area. In the very first year of commercial operation of our bank in FY2018-19, our outreach was at handsome 55 lakh+ customer base which has now reached 524 lakh customers at the close of FY2022. Our doorstep services and Aadhaar enabled Payment System (AePS) were highly acknowledged

& appreciated during COVID19 pandemic. Our bank not only provided doorstep account opening facility for target beneficiaries with Aadhaar seeding allowing timely DBT credits but also provided Aadhaar authenticated cash withdrawal at doorsteps. Our bank's citizen centric scheme like digital onboarding on PMJJBY has provided a much needed fillip towards its adaptation in rural areas. Our bank's tie-up with UIDAI now provides unique Aadhaar mobile updation and child enrolments (CELC) service by our Grameen Dak Sevak and Postman through mobile hand-held devices which has helped fast expansion of Aadhaar services in the country.



VIGILANCE ADMINISTRATION

The vigilance department of the Bank is set-up at the Corporate Office of the Bank which is headed by the MD & CEO, IPPB and assisted by the Chief Vigilance Officer (CVO), who is a Senior level officer of Indian Postal Service (IPoS) and posted on deputation basis from Department of Posts. The CVO acts as advisor to the MD & CEO in all matters pertaining to vigilance and acts as a link between the India Post Payments Bank, the Department of Posts and the Central Vigilance Commission (CVC).

At the Circle levels, vigilance related functions are discharged by the Circle Heads of the 23 IPPB Circles, which are coterminous with the DoP Circles.

Disciplinary Cases

Summary of the disciplinary cases having 'vigilance angle' and received from the HR department / Circle Heads for taking necessary action and advice during 01.04.2021 to 31.03.2022 were disposed off and pending, are as under:

| Level | Major Penalty proceedings | | Minor Penalty / Administrative proceedings | |
|----------------|---------------------------|---------|--|---------|
| | Disposed off | Pending | Disposed off | Pending |
| AGM and above | 00 | 01 | 00 | 00 |
| Below than AGM | 01 | 00 | 02 | 00 |

Complaints

Vigilance Department of IPPB receives complaints from various sources like CVC, Department of Posts, Members of Parliament, General Public and their own staff. These complaints are being scrutinized and taken up for investigation in case having 'vigilance angle' to identify the delinquency on the part of IPPB officers and fix responsibility along with the suggestions for systemic improvements, if any, required. During 01st April 2021 to 31st March 2022, a total of 09 complaints were handled by the Vigilance department.



IN THE NEWS





AWARDS & RECOGNITION

Bank has been awarded with following awards during FY 2021-22



Best Public Sector bank 2021 – BFSI Excellence Awards (Quantic & NEC)



Best Financial Inclusion Payments Initiative (joint winners IPPB & FSS) - Emerging Payments Awards 2021





To,
The Members,

Your Directors are pleased to present the Fifth Annual Report of the Company ("IPPB") together with the audited financial statements for the financial year ended 31st March, 2022 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. Lakhs)

| Particulars | Financial year ended | Financial year ended |
|--|------------------------------|------------------------------|
| | 31 st March, 2022 | 31 st March, 2021 |
| Total Revenue | 46,120.41 | 21,304.39 |
| Total Expenditure | 62,082.14 | 53,358.78 |
| Extraordinary Items prior period Expenditure | — | — |
| Net Profit/Net Loss | (15,961.73) | (32,054.39) |
| Balance Carried to Balance Sheet | (82,287.58) | (50,089.55) |
| Profit available for absorption | (98,239.31) | (82,143.94) |
| Earnings Per Share(Basic) | (1.22) | (3.04) |
| Earnings Per Share (Diluted) | (1.22) | (3.04) |
| Shareholding of Govt. of India (%) | 100% | 100% |

PERFORMANCE HIGHLIGHTS AND OVERVIEW

During the period, the Company has recorded a total revenue of Rs.46120.41 Lakh and total expenditure of Rs.62082.14 Lakh. Total loss during the year is Rs.15961.73 Lakh. In the previous year Company has incurred a loss of Rs.32054.39 Lakh.

PUBLIC DEPOSIT

Being a Banking Company, the disclosure required as per Rule 8(5)(v) & (VI) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to your company.

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. Mehra Goel and Company, Chartered Accountants (FRN – 000517N) were appointed as Statutory Auditors of your Company for the financial year 2021-22 by the Comptroller & 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, 2022. The Auditors Report does not contain any qualification, reservation or adverse remark and the points raised in the Audit report are self-explanatory.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report and addendum report on the Financial Statements of the Company for the financial year ended 31st March, 2022 and the comments of Comptroller & Auditor General of India on Financial Statements for the period ended 31st March, 2022 under Section 143(6)(b) of the Companies Act, 2013 are enclosed to the Board's Report .

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, 2022 is annexed to the Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & 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 19th 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

| S.No. | Name of the Director | Designation | Period of occupancy with effect |
|-------|----------------------|---------------------|---------------------------------|
| 1 | Vineet Pandey | Chairman & Director | 09/06/2021 |
| 2 | Anindita Sinharay | Nominee Director | 28/07/2020 |
| 3 | Pawan Kumar Singh | Nominee Director | 15/12/2021 |
| 4 | J Venkatramu | MD & CEO | 29/10/2020 |
| 5 | Sanjay Prasad | Nominee Director | 05/12/2018 |

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 | Vineet Pandey | Chairman & Director | 09/06/2021 |
| 2 | Pawan Kumar Singh | Nominee Director | 15/12/2021 |

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 | K Sandhya Rani | Nominee Director | 27/01/2021 | 26/11/2021 |
| 2 | Vishnu Rampratap Dusad | Independent Director | 30/01/2018 | 29/09/2021 |
| 3 | Pillariseti Satish | Independent Director | 30/01/2018 | 29/09/2021 |

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 Person | Designation | Period of occupancy with effect |
|-------|--------------------|-------------------------|---------------------------------|
| 1 | J Venkatramu | MD & CEO | 29/10/2020 |
| 2 | Seema Singh | Chief Financial Officer | 30/04/2019 |
| 3 | Priyanka Bhatnagar | Company Secretary | 16/01/2017 |

BOARD MEETINGS

During the year 2021-22 the Board of Directors of the Company met six (06) times on

| | | |
|---|---|---|
| 41 st Board Meeting 30 th June, 2021 | 42 nd Board Meeting 29 th July, 2021 | 43 rd Board Meeting 10 th August, 2021 |
| 44 th Board Meeting 08 th November, 2021 | 45 th Board Meeting 23 rd December, 2021 | 46 th Board Meeting 11 th February, 2022 |





DIRECTOR'S ATTENDANCE AT THE BOARD MEETING

| Name of The Director | Attendance at your Bank's Board Meetings (Total No. of Meetings held-06) |
|------------------------|---|
| Vineet Pandey | 06 out of 06 |
| Sanjay Prasad | 01 out of 06 |
| Vishnu Rampratap Dusad | 03 out of 03 |
| Pillarisetti Satish | 03 out of 03 |
| K Sandhya Rani | 04 out of 04 |
| Anindita Sinharay | 01 out of 06 |
| Pawan Kumar Singh | 02 out of 02 |
| J Venkatramu | 06 out of 06 |

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:

- ▶ Audit Committee of the Board (ACB)
- ▶ Nomination & Remuneration Committee of the Board
- ▶ Risk Management Committee of the Board (RMCB)
- ▶ Customer Service Committee of the Board
- ▶ Stakeholders Relationship Committee of the Board
- ▶ HR Steering Committee of the Board (formerly known as Recruitment Advisor Committee)
- ▶ IT Steering Committee of the Board

AUDIT COMMITTEE

The Audit Committee of the Company has been constituted in accordance with provisions of Section 177 of the Companies Act, 2013. The Committee has three members with Mr. Pawan K. Singh as Chairman. The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Bank and its compliance with the legal and other regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company and review the quarterly and annual financial accounts of the Bank. During the year 2021-22 Five (05) Audit Committee meetings were held.

| | | |
|---|--|---|
| 21 st Audit Committee 29 th July, 2021 | 22 nd Audit Committee 28 th September, 2021 | 23 rd Audit Committee 22 nd December, 2021 |
| 24 th Audit Committee 08 th February, 2022 | 25 th Audit Committee 24 th March, 2022 | |





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:

- ▶ Recommendations for remuneration of Auditors of the Company;
- ▶ Review & monitor the Auditor's independence & performance, and effectiveness of the audit process;
- ▶ Examination of the financial statements and the auditors' report thereon;
- ▶ Approval or any subsequent modification of transactions of the Company with related parties;
- ▶ Scrutiny of inter-corporate loans and investments;
- ▶ Valuation of undertakings or assets of the Company, wherever considered necessary;
- ▶ Evaluation of internal financial controls and risk management systems;
- ▶ Monitoring the end use of funds raised through public offers and related matters.
- ▶ 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. The Committee has four members with Mr. Pawan K. Singh as Chairman. 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 & 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 2021-22 thrice (03) Risk Management Committee meetings were held.

| | | |
|--|---|--|
| 09 th RMC 13 th September, 2021 | 10 th RMC 22 nd December, 2021 | 11 th RMC 22 nd March, 2022 |
|--|---|--|





NOMINATION & REMUNERATION COMMITTEE

The Nomination Remuneration Committee of the Company had been constituted on 28th June, 2017 in accordance with provisions of Section 178 of the Companies Act, 2013 and rules made thereunder. The Committee has four members with Mr. Pawan K. Singh as Chairman. 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 & 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 2021-22 one (01) committee meeting was held.

| |
|---|
| 02 nd NRC 08 th February, 2022 |
|---|

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. The Committee has four members with Mr. Pawan K. Singh as Chairman and Lead Customer Service Officer as a special Invitee. During the year 2021-22 two (02) committee meetings was held.

| | |
|--|--|
| 6 th Customer Service Committee 27 th September, 2021 | 7 th Customer Service Committee 24 th March, 2022 |
|--|--|

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

The HR Steering Committee of the Company had been constituted on 01st December, 2017 The Committee has four members with Mr. Pawan K. Singh as Chairman and Chief Human Resource Officer as a special Invitee. During the year 2021-22 four (04) HR STEERING Committee meetings were held.

| | | | |
|---|---|--|--|
| 14 th RAC 11 th June, 2021 | 15 th RAC 28 th July, 2021 | 16 th RAC 28 th September, 2021 | 17 th RAC 22 nd March, 2022 |
|---|---|--|--|

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company had been constituted on 28th June, 2017. The Committee has three members with Mr. Pawan K. Singh as Chairman. The Committee is responsible for looking into the mechanism of redressal of grievances of Shareholders. During the year 2021-22, no meetings of this committee were held.

IT STEERING COMMITTEE

The IT Steering Committee of the Board had been constituted on 05th December, 2018. The Committee has four members with Mr. Pawan K. Singh as Chairman. CTO is the permanent invitee to the committee. The Broad functions of the IT Steering Committee of the Board are to:

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





- ▶ Guide the management in building a system architecture focused on best practice technology implementations.
- ▶ 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 2021-22, three (03) IT Steering Committee meetings were held.

| | | |
|--|--|---|
| 09 th ITSC 16 th June, 2021 | 10 th ITSC 09 th July, 2021 | 11 th ITSC 28 th September, 2021 |
|--|--|---|

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 & PAID SHARE CAPITAL OF THE COMPANY

(I) **Authorized capital:** 1,85,50,00,000 Equity Shares of Rs. 10/-each.

(II) **Paidup Capital:** 1,45,50,00,000 Equity Shares of Rs. 10/-each.

RIGHT ISSUE OF EQUITY SHARES

The Company has made right issue of 20,00,00,000 Equity Shares to President of India through Secretary Department of Posts, existing equity shareholder in proportion of existing shareholding of the Shareholders.

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 & 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 & 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 WORK-PLACE (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 2021-22, 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.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143 (12) OTHER THAN THOSE WHICH ARE REPORTABLE TO CENTRAL GOVERNMENT

During the year under review, there were no instances of fraud reported by the statutory auditors, concurrent auditors and secretarial auditor under Section 143(12) of the Companies Act, 2013 to the Audit Committee or the

SECRETARIAL STANDARDS

The Directors state that Secretarial Standards applicable to the Company have been duly followed by the Company

DISCLOSURE ABOUT COST AUDIT

Provision given under section 148 of Companies Act, 2013 and rule 14 of company (audit and auditor) rules, 2014, not applicable on the company during the year.

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



Annexure A

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 & 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.

For and on behalf of Board of Directors

Place: Delhi
Date: 12/11/2022

VINEET PANDEY
CHAIRMAN
DIN- 09199133
B2 Tower 5,
New Moti Bagh,
New Delhi

J. VENKATRAMU
MD & CEO
DIN -08918442
Plot No. 169,
CBR Krishna Veni Enclave
Yapral, Tirumalagiri
Hyderabad, 500087





Annexure A

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 | The Company has a policy of switching off power after the office time in those areas where staff has left for the day. The Company also maintains the air conditioning temperatures to conserve energy. The Company continuously strives to optimize its energy usage and efficiency |
| Steps taken for utilization of alternate sources of energy | The Company does not have any alternate sources of energy |
| Capital Investment on energy Conversation | Investment is considered from time to time whenever it is deemed necessary, in order to reduce consumption of energy |

(B) Technology absorption

- ▶ The efforts made towards technology absorption: **NIL**
- ▶ The benefits derived like product improvement, cost reduction, product development or import substitution: **NIL**
- ▶ 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
- ▶ The expenditure incurred on Research and Development: **NIL**

(C) Foreign exchange earnings and Outgo

Foreign Exchange used: Rs. Nil
Foreign Exchange earned: Rs. Nil





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

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 2022, the Profit & Loss Account, the Cash Flow Statement for the year then ended, & Notes to the Standalone Financial Statements including significant accounting policies & 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 2022, and its loss 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. We draw attention to Schedule No. 18(36) "SI Cost" of accompanying standalone financial statements regarding treatment of implementation of its dedicated and customised technology platform.
5. We draw attention to Schedule No. 18(34) of the accompanying standalone financial statements which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.

Our opinion is not modified in respect of these matter.





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 & disclosures of revenues & other related balances | <p>Our audit approach consisted testing of the design & operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ▶ Evaluated the design of internal controls relating to implementation of the revenue recognition policy adopted by the Bank. ▶ Selected a sample of revenue items & 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 & inspection of evidence in respect of operation of these controls. ▶ Tested the relevant information technology systems' access & change management controls relating to revenue and related information used in recording and disclosing revenue ▶ 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. |
| 2 | Accuracy of recognition, measurement, presentation & disclosures of expenses & other related balances | <p>Our audit approach consisted testing of the design & operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> ▶ Evaluated the design of internal controls relating to implementation of the expenses recognition policy adopted by the Bank. ▶ Selected a sample of expense items & 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 & inspection of evidence in respect of operation of these controls. ▶ Tested the relevant information technology systems' access & change management controls relating to revenue and related information used in recording and disclosing revenue |





| | | |
|---|--|--|
| 3 | Information Technology (IT) & controls impacting financial Reporting | <p>Our audit procedures include assessment and identification of key IT applications, and further verifying, testing and reviewing the design and operating effectiveness of the IT system on the basis of reports /returns and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included:</p> <ul style="list-style-type: none"> ▶ Obtained an understanding of the Bank's IT control environment and IT policies during the audit period. ▶ Testing IT general controls related to User and Application controls, Change Management Controls and Data backup. ▶ Where we identified the need to perform additional independent procedures, we placed reliance on manual compensating controls; such as reconciliations between systems and other information sources or performing additional testing; extended our sample sizes, to obtain adequate and appropriate audit evidence. |
| 4 | Assessment of Provisions There is high level of judgement required in estimating the level of provisioning. | <p>Our audit approach involved</p> <ul style="list-style-type: none"> ▶ Obtaining an understanding of internal controls relevant to the audit in order to design our audit procedures that are appropriate in the circumstances; |

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 & 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 & 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 & 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

- 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).
17. 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; Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein.
 - c.
 18. 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. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "Annexure A".
21. Further, as required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:
- 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;
 - 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;
 - The standalone financial statements dealt with by this report are in agreement with the books of account;
 - 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;
 - 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 2022 from being appointed as a director in terms of section 164(2) of the Act;
 - We have also audited the internal financial controls over financial reporting (IFCoFR) of the Bank as on 31 March 2022 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date and our report dated June 30, 2022 as per "Annexure B" expressed unmodified opinion; and
 - 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:
 - The Bank has disclosed the impact of pending litigations on its financial position as at 31 March 2022;
 - The Bank has made provision as at 31 March 2022, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - 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 2022.

For Mehra Goel & Company
Chartered Accountants
Firm's Registration No.: 000517N

Devinder Kumar Aggarwal
Partner
Membership No. 087716
UDIN No: 22087716ALZTHC8083
Place: New Delhi
Date: June 30, 2022



Annexure "A"

The Annexure referred to in Independent Auditor's Report to the members of the Bank on the standalone financial statement for the year ended 31 March 2022.

COMPLIANCE CERTIFICATE

We have conducted the audit of the accounts of India Post Payments Bank Limited for the year ended 31 March 2022 in accordance with the Directions / Sub-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/ sub-directions issued to us.

For Mehra Goel & Company
Chartered Accountants
Firm's Registration No.: 000517N

Devinder Kumar Aggarwal
Partner
Membership No. 087716
UDIN No: 22087716ALZTHC8083

Place: New Delhi
Date: June 30, 2022





AUDIT REPORT OF INDIA POST PAYMENTS BANK LIMITED FOR THE YEAR 2021 -2022 PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013

Directions for the year 2021-22

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

Yes, The Bank has system in place to process all the accounting transactions through IT system

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

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. Whether funds (grants/subsidy etc) received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

The funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions.

For Mehra Goel & Company
Chartered Accountants
Firm's Registration No.: 000517N

Devinder Kumar Aggarwal
Partner
Membership No. 087716
UDIN No: 22087716ALZTH8083

Place: New Delhi
Date: June 30, 2022





Annexure "B"

THE ANNEXURE REFERRED TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF INDIA POST PAYMENTS BANK LIMITED ON THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 Payments Bank Limited ('the Bank') as at and for the year ended 31 March 2022, 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 & 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 & procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions & 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 2022, 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.

For Mehra Goel & Company
Chartered Accountants
Firm's Registration No.: 000517N

Devinder Kumar Aggarwal
Partner
Membership No. 087716
UDIN No: 22087716ALZTHC8083

Place: New Delhi
Date: June 30, 2022



July 27, 2022
The Board of Directors
India Post Payments Bank Limited
Speed Post Centre, Gole Market
New Delhi

Sub: Compliance certificate on directions issued by CAG in the matter of India Post Payments Bank Limited

We have already issued our Independent Audit Report dated June 30, 2022. Further as directed by the CAG, 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”** new points be inserted in point No. 21(g) to read as under:

21(g)(iv). (i) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii). The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that may cause us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement; and

21(g)(v). The Bank has not declared or paid any dividend during the year. Accordingly, compliance of Section 123 of the Act is not applicable for the year under audit.

For Mehra Goel & Co.
Chartered Accountants
Firm's Registration No.: 000517N

Devinder Kumar Aggarwal
Partner
Membership No. 087716

Place: New Delhi
Date: July 27, 2022





INDIA POST PAYMENTS BANK LIMITED
BALANCE SHEET AS AT 31ST MARCH 2022

| | | | (Rs in 000's) |
|--|------------------------|--------------------------------|--------------------------------|
| <u>CAPITAL & LIABILITIES</u> | <u>Schedule</u> | <u>As at 31.03.2022</u> | <u>As at 31.03.2021</u> |
| Capital | 1 | 14550000 | 12550000 |
| Reserves & Surplus | 2 | -9819377 | -8103856 |
| Deposits | 3 | 36917218 | 22996851 |
| Borrowings | 4 | - | 169964 |
| Other Liabilities and Provisions | 5 | 3363240 | 3004437 |
| | TOTAL | 45011081 | 30617396 |
| <u>ASSETS</u> | | | |
| Cash and Balances with Reserve Bank of India | 6 | 2672807 | 1074128 |
| Balances with Banks & Money at call & short notice | 7 | 9730653 | 6074544 |
| Investments | 8 | 29008863 | 19090898 |
| Advances | 9 | 15620 | 0 |
| Fixed Assets | 10 | 788712 | 1577433 |
| Other Assets | 11 | 2794426 | 2800393 |
| | TOTAL | 45011081 | 30617396 |
| Contingent Liabilities | 12 | 2500 | 2500 |
| Bills for Collection | | - | - |

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(J Venkatramu)
MD & CEO (DIN 08918442)

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

Sd/-
(Vineet Pandey)
Chairman (DIN 09199133)

As per our report of even date

For Mehra Goel & Company
Chartered Accountants - FRN No. 000517N

Sd/-
(Devinder Kumar Aggarwal)
Partner
Membership No. 087716

Dated: 30.06.2022
Place: New Delhi





INDIA POST PAYMENTS BANK LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

| | | | (Rs in 000's) |
|--|--------------|--------------------------|--------------------------|
| | Schedule | Year ended 31.03.2022 | Year ended 31.03.2021 |
| <u>I. INCOME</u> | | | |
| Interest earned | 13 | 1284559 | 804430 |
| Other Income | 14 | 3327482 | 1326009 |
| | TOTAL | 4612041 | 2130439 |
| <u>II. EXPENDITURE</u> | | | |
| Interest expended | 15 | 711243 | 459081 |
| Operating expenses | 16 | 5595450 | 4940231 |
| Provisions and Contingencies | | -98479 | -63434 |
| | TOTAL | 6208214 | 5335878 |
| Extraordinary Items | | - | - |
| Prior Period Expenditure | | | |
| Net Profit/Net Loss for the year | | -1596173 | -3205439 |
| Balance in Profit & Loss Account (Brought Forward) | | -8228758 | -5008955 |
| Profit available for Appropriation | | -9824931 | -8214394 |
| <u>APPROPRIATIONS</u> | | | |
| Transfer to Reserves (Net) : | | | |
| Statutory Reserve | | - | - |
| Grant Account - Capital Reserve | | 2466 | 14364 |
| Investment Fluctuation Reserve | | - | - |
| Other Reserve | | - | - |
| Special Reserve | | - | - |
| Balance carried over to Balance Sheet | | -9827397 | -8228758 |
| | TOTAL | -9824931 | -8214394 |

Sd/-
(Priyanka Bhatnagar)
 Company Secretary

Sd/-
(Anoop E S)
 Chief Financial Officer

Sd/-
(J Venkatramu)
 MD & CEO (DIN 08918442)

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

Sd/-
(Vineet Pandey)
 Chairman (DIN 09199133)

As per our report of even date
For Mehra Goel & Company
 Chartered Accountants - FRN No. 000517N

Sd/-
(Devinder Kumar Aggarwal)
 Partner
 Membership No. 087716

Dated: 30.06.2022
 Place: New Delhi





SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

SCHEDULE 1 - CAPITAL

(Rs in 000's)

| | As at 31.03.2022 | As at 31.03.2021 |
|---|------------------|------------------|
| Authorised Capital | | |
| 185,50,00,000 Equity Shares of Rs 10 each | 18550000 | 12550000 |
| Issued & Subscribed | | |
| 145,50,00,000 Equity Shares of Rs 10 each | 14550000 | 12550000 |
| Paid up Capital | | |
| 145,50,00,000 Equity Shares of Rs 10 each | 14550000 | 12550000 |
| TOTAL | 14550000 | 12550000 |

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserve

| | | |
|---------------------------|------|------|
| Opening Balance | 5554 | 5554 |
| Addition during the year | - | - |
| Deduction during the year | - | - |
| | 5554 | 5554 |

II. Capital Reserve

a. Revaluation Reserve

| | | |
|---------------------------|---|---|
| Opening Balance | - | - |
| Addition during the year | - | - |
| Deduction during the year | - | - |
| | - | - |

b. Others (Grant A/c)

| | | |
|--------------------------------------|--------|--------|
| Opening Balance | 119348 | 393518 |
| Addition during the year | 2466 | 14364 |
| Deduction (Utilised) during the year | 119348 | 288534 |
| | 2466 | 119348 |

III. Revenue and Other Reserve

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

-9827397 -8228758

Total I,II,III,IV,V & VI

-9819377 -8103856





SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

(Rs in 000's)

SCHEDULE 3 - DEPOSITS**A. I DEMAND DEPOSITS**

- (i) From Banks
(ii) From Others

-
218331

-
171515

218331

171515

II SAVINGS BANK DEPOSITS

36698887

22825336

III TERM DEPOSITS

- (i) From Banks
(ii) From Others

-
-

-
-

-

-

TOTAL of I, II, III

36917218

22996851

- B. (i) Deposits of branches In India
(ii) Deposits of branches outside India

36917218
-

22996851
-

TOTAL of i, ii

36917218

22996851

SCHEDULE 4 - BORROWINGS**I. Borrowings in India**

- (i) Reserve Bank of India
(ii) Other Banks
(iii) Other Institutions and Agencies

-
-
-

-
-
169964

II. Borrowings Outside India

-

-

TOTAL of I, II

-

169964

Secured Borrowings included in I & II above

-

-

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**I. Bills payable**

-

-

II. Inter-office adjustments (net)

-

-

III. Interest accrued

-

12

IV. Others (including Provisions)

3363240

3004425

TOTAL OF I, II, III & IV

3363240

3004437

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA**I. Cash in hand (including Foreign Currency Notes)**

-

-

II. Balance with Reserve Bank of India

- (i) in Current account
(ii) in Other Accounts

1742807
930000

854128
220000

2672807

1074128

TOTAL of I, II

2672807

1074128




SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

(Rs in 000's)

**SCHEDULE 7- BALANCES WITH BANKS &
MONEY AT CALL & SHORT NOTICE**
I. In India

(i) Balance with Banks:

(a) In Current accounts

15653

37544

(b) In Other Deposit accounts

9715000

6037000

9730653

6074544

(ii) Money at Call and Short Notice:

(a) with Banks

-

-

(b) with Other Institutions

-

-

-

-

TOTAL (i & ii)

9730653

6074544

II. Outside India

(i) In Current accounts

-

-

(ii) In Other Deposit accounts

-

-

(iii) Money at Call & Short Notice

-

-

TOTAL (i , ii & iii)

-

-

GRAND TOTAL (I & II)
9730653
6074544
SCHEDULE 8 - INVESTMENTS
I. Investments in India in

(i) Government Securities

29001161

19083196

(ii) Other approved securities

-

-

(iii) Shares

7702

7702

(iv) Debentures and Bonds

-

-

(v) Investment in Subsidiaries/ Joint Ventures

-

-

(vi) Others

-

-

(Mutual Funds & Commercial Paper etc.)

TOTAL of I

29008863

19090898

II. Investments outside India

(i) Government Securities (including local authorities)

-

-

(ii) Investment in Subsidiaries/ Joint Ventures abroad

-

-

(iii) Other investments

-

-

TOTAL of II

-

-

GRAND TOTAL of (I), (II)
29008863
19090898




SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

(Rs in 000's)

SCHEDULE 9 - ADVANCES

| | As at 31.03.2022 | As at 31.03.2021 |
|--|------------------|------------------|
| A. i) Bills Purchased and discounted | - | - |
| ii) Cash Credits, overdrafts and loans repayable on demand | - | - |
| iii) Term Loans (Staff) | 15620 | - |
| Total | 15620 | - |
| | ===== | ===== |
| B. i) Secured by Tangible Assets (including advances against book debts) | - | - |
| ii) Covered by Bank/Govt.Guarantees | - | - |
| iii) Unsecured | 15620 | - |
| Total | 15620 | - |
| | ===== | ===== |
| C. (I) Advances in India | | |
| i) Priority Sector | - | - |
| ii) Public Sector | - | - |
| iii) Banks | - | - |
| iv) Others | 15620 | - |
| Total | 15620 | - |
| | ===== | ===== |
| C. (II). Advances outside India | | |
| i) Due from banks | - | - |
| ii) Due from others | | |
| (a) Bills purchased & discounted | - | - |
| (b) Term Loans | - | - |
| (c) Others | - | - |
| Total | - | - |
| | ===== | ===== |
| GRAND TOTAL of C (I) & C (II) | 15620 | - |
| | ===== | ===== |





SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

| | | (Rs in 000's) |
|--|-------------------------|-------------------------|
| SCHEDULE 10 - FIXED ASSETS | As at 31.03.2022 | As at 31.03.2021 |
| I. Premises (including Land) | | |
| -At cost as on 31st March of the preceeding year | - | - |
| -Additions during the year | - | - |
| Less :Deductions during the year | - | - |
| Less :Depreciation to date | - | - |
| | - | - |
| II. Other Fixed Assets (including furniture & fixtures) | | |
| -At cost as on 31st March of the preceeding year | 1424242 | 1369242 |
| -Additions during the year | 17463 | 56340 |
| Less: Deductions during the year | 1413 | 1340 |
| Less:Depreciation to date | 735566 | 512927 |
| | 704726 | 911315 |
| III. Computer Software | | |
| -At cost as on 31st March of the preceeding year | 1778733 | 1637549 |
| - Additions during the year/ Period | 48 | 141184 |
| - Deductions during the year/ Period | 0 | - |
| Less: Amortised to date | 1694795 | 1112615 |
| | 83986 | 666118 |
| TOTAL OF I, II & III | 788712 | 1577433 |
| | ===== | ===== |
| SCHEDULE 11 - OTHER ASSETS | | |
| I. Inter-office adjustments (net) | - | - |
| II. Interest accrued | 219951 | 161165 |
| III. Tax paid in advance/tax deducted at source (net of provisions) | 11109 | 34622 |
| IV. Stationery and Stamps | - | - |
| V. Non Banking assets acquired in satisfaction of claims | - | - |
| VI. Deferred Tax asset (net) | 1866599 | 1768120 |
| VII. Security Deposits | 41079 | 33419 |
| VIII. DOP Capital Commitment | 2043 | 2384 |
| IX. Others | 653645 | 800683 |
| TOTAL of I, II, III, IV, V, VI, VII, VIII & IX | 2794426 | 2800393 |
| | ===== | ===== |
| SCHEDULE 12 - CONTINGENT LIABILITIES | | |
| I. Claims against the Bank not acknowledged as debts | - | - |
| II. Liability for partly paid investments | - | - |
| III. Liability on account of outstanding forward exchange contracts | - | - |
| IV. Guarantees given on behalf of constituents | | |
| (a) In India | - | - |
| (b) Outside India | - | - |
| V. Acceptances, Endorsements and Other obligations | - | - |
| VI. Other items for which the Bank is contingently liable | 2500 | 2500 |
| TOTAL of I, II, III, IV, V, VI | 2500 | 2500 |
| | ===== | ===== |





SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

(Rs in 000's)

SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|--------------------------|--------------------------|
| I. Interest/discount on Advances/Bills | 335 | - |
| II. Income on Investments | 876000 | 516413 |
| III. Interest on balances with Reserve Bank of India & other inter-bank funds | 405902 | 286044 |
| IV. Others | 2322 | 1973 |
| TOTAL of I, II, III, IV | 1284559 | 804430 |

SCHEDULE 14 - OTHER INCOME

| | | |
|---|----------------|----------------|
| I. Commission, Exchange & Brokerage | 3304665 | 1298820 |
| II. Profit on sale of Investments | 10253 | 18517 |
| Less: Loss on sale of Investments | 1294 | 2721 |
| | 8959 | 15796 |
| III. Profit on Revaluation of Investments | 1968 | 1091 |
| Less: Loss on Revaluation of Investments | - | 1968 |
| | 1968 | -877 |
| IV. Profit on sale of land, buildings and other assets | - | - |
| Less: Loss on sale of land, buildings and other assets | - | - |
| | - | - |
| V. Profit on Exchange Transaction | - | - |
| Less: Loss on Exchange Transaction | - | - |
| | - | - |
| VI. Income earned by way of dividends, etc. from subsidiaries/companies and/or joint ventures abroad/in India | - | - |
| VII. Recruitment Income | 567 | - |
| VIII. Recovery from employees on Separation | 10373 | 12009 |
| IX. Miscellaneous Income | 950 | 261 |
| TOTAL of I, II, III, IV, V, VI, VII, VIII & IX | 3327482 | 1326009 |





SCHEDULES TO THE ACCOUNTS (INDIA POST PAYMENTS BANK LIMITED)

(Rs in 000's)

| | Year ended 31.03.2022 | Year ended 31.03.2021 |
|---|--------------------------|--------------------------|
| SCHEDULE 15 - INTEREST EXPENDED | | |
| I. Interest on Deposits | 710192 | 457957 |
| II. Interest on Reserve Bank of India/ inter-bank borrowings | 1051 | 1124 |
| III. Others | - | - |
| TOTAL of I, II, III | 711243 | 459081 |
| | ===== | ===== |
| SCHEDULE 16 - OPERATING EXPENSES | | |
| I. Payment to and provisions for employees | 2963483 | 2832260 |
| II. Rent, Taxes and Lighting | 4370 | 3882 |
| III. Printing & Stationery | 9412 | 20565 |
| IV. Advertisement & Publicity | 3572 | 50963 |
| V. Depreciation on Fixed Assets | 806129 | 624091 |
| VI. Directors' Fees, allowances and expenses | 320 | 740 |
| VII. Auditors' fees and expenses | 1424 | 505 |
| VIII. Law charges | 309 | 542 |
| IX. Postage, Telegrams, Telephones, etc. | 329310 | 142144 |
| X. Repairs & Maintenance | 6705 | 3177 |
| XI. Insurance | 63309 | 27355 |
| XII. Professional Fee | 14030 | 14306 |
| XIII. GST Expenses | 119095 | 79945 |
| XIV. SI Cost | 226275 | 777800 |
| XV. Recruitment Expenditure | 1617 | 687 |
| XVI. Training Expenditure | 24388 | 943 |
| XVII. Outsourcing Expenses | 96551 | 62040 |
| XVIII. Travelling and Conveyance | 19712 | 37783 |
| XIX. Commission paid to DoP/ Incentive to BC | 514336 | 120925 |
| XX. Transactional Charges Paid | 361911 | 115944 |
| XXI. Other expenditure | 29192 | 23634 |
| TOTAL of I to XXI | 5595450 | 4940231 |
| | ===== | ===== |



**Cash Flow Statement**

| Particulars | | (2021-22) | (Rs in 000's) (2020-21) |
|---|----------|----------------|----------------------------|
| A. Cash Flow from Operations | | | |
| i) Net Profit After Tax | | -1596173 | -3205439 |
| Add: Provision for Tax (including deferred Tax) | | -98479 | -62558 |
| Profit before Tax | i) | -1694652 | -3267997 |
| ii) Adjustments: | | | |
| Depreciation on Fixed Assets | | 806129 | 624091 |
| Incorporation Expenses Written Off | | - | - |
| Prior Period Item Written Off | | - | - |
| Less: Net Amount Utilized from Grants | | 119348 | 288534 |
| Total Adjustments | ii) | 686781 | 335557 |
| Operating profit before changes in Operating Assets & Liabilities | (i)+(ii) | -1007871 | -2932440 |
| iii) Adjustments for net change in Operating Assets & Liabilities | | | |
| Decrease/ (Increase) in Investments (Net) | | -9917965 | -12148405 |
| Decrease/ (Increase) in Other Assets (Net) | | 104446 | -105425 |
| Decrease/ (Increase) in Advances | | -15620 | - |
| (Decrease)/ Increase in Deposits (Net) | | 13920367 | 14446539 |
| (Decrease)/ Increase in Borrowings (Net) | | -169964 | 169964 |
| (Decrease)/ Increase in Other Liabilities (Net) | | 358803 | 842198 |
| Total adjustment for net change in Operating Assets & Liabilities | (iii) | 4280068 | 3204870 |
| Cash Flow used from Operations (i)+(ii)+(iii) | | 3272197 | 272431 |
| Tax Paid | | - | - |
| Net Cash Flow used from Operations | A | 3272197 | 272431 |
| B. Cash Flow used in Investing Activities | | | |
| Purchase of Fixed Assets | | -17408 | -197007 |
| Net Cash Flow used in Investing Activities | B | -17408 | -197007 |
| C. Cash Flow generated from Financing Activities | | | |
| Issue of Share Capital | | 2000000 | 2200000 |
| Net Cash Generated from Financing Activities | C | 2000000 | 2200000 |
| Net Changes in Cash & Cash Equivalent (A)+(B)+(C) | D | 5254788 | 2275424 |
| Cash and Cash Equivalent at the beginning of the year | | | |
| Cash and Balance with RBI | | 854128 | 326957 |
| Balance with Banks & Money at Call & Short Notice | | 6294544 | 4546292 |
| | | 7148672 | 4873248 |
| Cash and Cash Equivalent at the end of the year | | | |
| Cash and Balance with RBI | | 2672807 | 854128 |
| Balance with Banks & Money at Call & Short Notice | | 9730653 | 6294544 |
| | | 12403460 | 7148672 |
| | | 5254788 | 2275424 |

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(J Venkatramu)
MD & CEO (DIN 08918442)

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

Sd/-
(Vineet Pandey)
Chairman (DIN 09199133)

As per our report of even date
For Mehra Goel & Company
Chartered Accountants - FRN No. 000517N

Sd/-
(Devinder Kumar Aggarwal)
Partner (Membership No.087716)

Dated: 30.06.2022
Place: New Delhi

SCHEDULE 17

SIGNIFICANT ACCOUNTING POLICIES

1 BACKGROUND AND NATURE OF OPERATIONS

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

The Bank was incorporated on 17th August 2016 under Companies Act 2013. The bank received Payment Bank license as required under Section 22(1) of Banking Regulation Act, 1949 on 20th January 2017. IPPB was launched as a pilot project on 30th January 2017 at Ranchi (Jharkhand) and Raipur (Chhattisgarh). IPPB has expanded its strength across India covering post offices, through a network of 650 IPPB branches/controlling offices.

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

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

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

The Financial Statement is presented in Indian Rupees in thousands ('in Rs.000')

2 BASIS OF PREPARATION

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year unless other wise stated.

3 USE OF ESTIMATES

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



Any revision to the accounting estimates is recognised prospectively in the current and future periods unless otherwise stated.

4 REVENUE RECOGNITION

- 4.1 Interest income are recognised on an accrual basis. Interest income on discounted instrument is recognised over the tenure of the instrument.
- 4.2 Commission income and Service charge is recognised on completion of provision of services. Revenue is recognised when reasonable right of recovery is established and when no significant uncertainty exists regarding realisation of consideration.
- 4.3 All other income is accounted on realisation basis
- 4.4 Interest and operating expenses are accounted on accrual basis.

5 INVESTMENTS

5.1 Classification

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

5.2 Basis of Classification

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

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

5.3 Acquisition Cost

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

5.4 Valuation

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

Treasury Bill being discounted instrument are valued at carrying cost.





Investments classified under HTM category are carried at their acquisition cost and is not marked to market.

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

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

REPO and REVERSE REPO transactions

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

5.5 Disposal of Investment

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

6 FIXED ASSETS

6.1 Fixed assets are stated at historical cost less accumulated depreciation/amortisation, wherever applicable.

6.2 Software is capitalized and clubbed under Intangible assets (Computer Software) in Fixed Assets schedule.

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

6.4 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 is followed by IPPB

| Asset | Estimated useful life specified under Schedule II of the Companies Act, 2013 |
|---|---|
| Owned Premises | 60 years |
| Computers (including Mobile Phones, Biometric Devices and Software) | 3 years |
| Servers, routers, network and related IT equipment | 6 years |





| | |
|------------------------------------|----------|
| Automated Teller Machines ('ATMs') | 15 years |
| Electrical equipment | 10 years |
| Office equipment | 5 years |
| Furniture and fittings | 10 years |
| Motor Vehicles | 8 years |

- 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.

7 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 which is increased to 14% w.e f 11.11.2020. The expenditure thereof is charged to Profit & Loss account & 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.

8 TAXES ON INCOME

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



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

9 PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

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

Contingent Assets are not recognised in the financial statements.

10 Accounting for Government Grants

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

11 Impairment of Assets

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

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



SCHEDULE 18

NOTES TO ACCOUNTS

1. REGULATORY CAPITAL

a. Composition of Regulatory Capital

(Rs. in 000's)

| S. No. | Particulars | 31.03.2022 | 31.03.2021 |
|--------|--|------------|------------|
| i. | Common Equity Tier I Capital* | 2777572 | 1892558 |
| ii. | Additional Tier 1 capital/ Other Tier 1 capital | - | - |
| iii. | Tier 1 capital (i + ii) | 2777572 | 1892558 |
| iv. | Tier 2 capital | - | - |
| v. | Total capital (Tier 1+Tier 2) | 2777572 | 1892558 |
| vi. | Total Risk Weighted Assets (RWAs) | 6802951 | 5235922 |
| vii. | CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs | 40.83 | 36.15 |
| viii. | Tier 1 Ratio (Tier 1 capital as a percentage of RWAs) | 40.83 | 36.15 |
| ix. | Tier 2 Ratio (Tier 2 capital as a percentage of RWAs) | - | - |
| x. | Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs) | 40.83 | 36.15 |
| xi. | Leverage Ratio | 14.50 | 13.83 |
| xii. | Percentage of the shareholding of the Government of India in the Bank | 100.00% | 100.00% |
| xiii. | Amount of equity capital raised during the year | 2000000 | 2200000 |
| xiv. | Amount of Additional Tier 1 Capital raised, of which: Perpetual Non-Cumulative Preference Shares (PNCPs) Perpetual Debt Instrument (PDI) | Nil Nil | Nil Nil |
| xv. | Amount of Tier 2 capital raised, of which: Debt Capital Instruments: Preference Share Capital Instruments: (Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPs) / Redeemable Cumulative Preference Shares (RCPS)) | Nil Nil | Nil Nil |

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

b. Drawdown 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 000's)

| S. No. | Net Usage of Grants | FY 2021-22 | FY 2020-21 |
|--------|---|------------|------------|
| 1. | Provision of ATMs/Micro ATMs/ PoS | Nil | Nil |
| 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 | 104984 | 263811 |
| 3. | Technology Cost | Nil | Nil |
| | Total | 104984 | 263811 |





2. Investments

a) Composition of Investment Portfolio

As at 31st March 2022

Rs. in 000's

| Particulars | Investments in India | | | | | | | Investments outside India | | | |
|--|-----------------------|---------------------------|-------------|----------------------|------------------------------------|----------|----------------------------|---|------------------------------------|----------|---------------------------------|
| | Government Securities | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others | Total investments in India | Government securities (including local authorities) | Subsidiaries and/or joint ventures | Others | Total Investments outside India |
| Held to Maturity | | | | | | | | | | | |
| Gross | 102914 | 0 | 0 | 0 | 0 | 0 | 102914 | 0 | 0 | 0 | 102914 |
| Less: Provision for non-performing investments (NPI) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 102914 | 0 | 0 | 0 | 0 | 0 | 102914 | 0 | 0 | 0 | 102914 |
| Available for Sale | | | | | | | | | | | |
| Gross | 28898247 | 0 | 7702 | 0 | 0 | 0 | 28905949 | 0 | 0 | 0 | 28905949 |
| Less: Provision for depreciation and NPI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 28898247 | 0 | 7702 | 0 | 0 | 0 | 28905949 | 0 | 0 | 0 | 28905949 |
| Held for Trading | | | | | | | | | | | |
| Gross | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for depreciation and NPI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for non-performing investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for depreciation and NPI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 29001161 | 0 | 7702 | 0 | 0 | 0 | 29008863 | 0 | 0 | 0 | 29008863 |





Rs. in 000's

As at 31st March 2021

| Particulars | Investments in India | | | | | | | Investments outside India | | | | Total Investments |
|--|-----------------------|---------------------------|-------------|----------------------|------------------------------------|----------|----------------------------|---|------------------------------------|----------|---------------------------------|-------------------|
| | Government Securities | Other Approved Securities | Shares | Debentures and Bonds | Subsidiaries and/or joint ventures | Others | Total investments in India | Government securities (including local authorities) | Subsidiaries and/or joint ventures | Others | Total Investments outside India | |
| Held to Maturity | | | | | | | | | | | | |
| Gross | 103878 | 0 | 0 | 0 | 0 | 0 | 103878 | 0 | 0 | 0 | 0 | 103878 |
| Less: Provision for non-performing investments (NPI) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 103878 | 0 | 0 | 0 | 0 | 0 | 103878 | 0 | 0 | 0 | 0 | 103878 |
| | | | | | | | | | | | | |
| Available for Sale | | | | | | | | | | | | |
| Gross | 18981286 | 0 | 7702 | 0 | 0 | 0 | 18988988 | 0 | 0 | 0 | 0 | 18988988 |
| Less: Provision for depreciation and NPI | 1968 | 0 | 0 | 0 | 0 | 0 | 1968 | 0 | 0 | 0 | 0 | 1968 |
| Net | 18979318 | 0 | 7702 | 0 | 0 | 0 | 18987020 | 0 | 0 | 0 | 0 | 18987020 |
| | | | | | | | | | | | | |
| Held for Trading | | | | | | | | | | | | |
| Gross | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for depreciation and NPI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | | | | | |
| Total Investments | | | | | | | | | | | | |
| Less: Provision for non-performing investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Provision for depreciation and NPI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net | 19083196 | 0 | 7702 | 0 | 0 | 0 | 19090898 | 0 | 0 | 0 | 0 | 19090898 |


b. Movement of Provisions for Depreciation and Investment Fluctuation Reserve
(Rs. in 000's)

| S. No. | Particulars | Current Year | Previous Year |
|--------|--|--------------|---------------|
| i) | Movement of Provisions held towards depreciation on investments | | |
| a. | Opening Balance | 1968 | 1091 |
| b. | Add: Provision made during the year | - | 877 |
| c. | Less: Write Off/Write-back of excess provisions during the year | 1968 | - |
| d. | Closing Balance | - | 1968 |
| ii) | Movement of Investment Fluctuation Reserve | | |
| a. | Opening Balance | - | - |
| b. | Add: Amount transferred during the year | - | - |
| c. | Less: Draw down | - | - |
| d. | Closing Balance | - | - |
| iii) | Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category | - | - |

c) Sale and transfers to/from HTM category

During the year ended 31st March 2022, there was no transfer of investments to/from HTM category and there was no sale of Investments from HTM category. (No transfer of investments to/from HTM category and no sale of Investments from HTM category during the year ended 31st March 2021).

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

The Bank is not holding any Non-Performing Non-SLR Investments as on 31st March 2022 and as such, nothing is to be reported under this segment. (The Bank did not hold any Non-Performing Non SLR Investments as on 31st Mar 2021).

ii) Issuer composition of Non SLR Investments
(Rs. in 000's)

| Sr. No. | Issuer | Amount | Extent of Private Placement | Extent of 'Below Investment Grade' Securities | Extent of 'Unrated' Securities | Extent of 'Unlisted' Securities |
|---------|--------|--------|-----------------------------|---|--------------------------------|---------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| (i) | PSUs | Nil | Nil | Nil | Nil | Nil |
| (ii) | FIs | Nil | Nil | Nil | Nil | Nil |
| (iii) | Banks | Nil | Nil | Nil | Nil | Nil |





| | | | | | | |
|-------|-------------------------------------|-------------|-------------|------------|------------|-------------|
| (iv) | Private Corporates | 7702 | 7702 | Nil | Nil | 7702 |
| | | 7702 | 7702 | | | 7702 |
| (v) | Subsidiaries / Joint Ventures | Nil | Nil | Nil | Nil | Nil |
| (vi) | Others | Nil | Nil | Nil | Nil | Nil |
| (vii) | Provision held towards depreciation | Nil | | | | |
| | Total | 7702 | 7702 | Nil | Nil | 7702 |
| | | 7702 | 7702 | | | 7702 |

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

e) Repo Transactions (in face value terms)

FY 2021-22

(Rs. in 000's)

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on March 31, 2022 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| Securities sold under repo | | | | |
| i. Government securities | - | 592827 | 32944 | - |
| ii. Corporate debt securities | - | - | - | - |
| iii. Any other securities | - | - | - | - |
| Securities purchased under reverse repo | | | | |
| i. Government securities | - | 3587820 | 639871 | 845270 |
| ii. Corporate debt securities | - | - | - | - |
| iii. Any other securities | - | - | - | - |

FY 2020-21

(Rs. in 000's)

| Particulars | Minimum outstanding during the year | Maximum outstanding during the year | Daily Average outstanding during the year | Outstanding as on March 31, 2021 |
|--|-------------------------------------|-------------------------------------|---|----------------------------------|
| Securities sold under repo | | | | |
| i. Government securities | - | 376416 | 38498 | 173982 |
| ii. Corporate debt securities | - | - | - | - |
| iii. Any other securities | - | - | - | - |
| Securities purchased under reverse repo | | | | |
| i. Government securities | - | 25507000 | 348960 | 197730 |
| ii. Corporate debt securities | - | - | - | - |
| iii. Any other securities | - | - | - | - |



3. DERIVATIVES

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

The Bank has not done any transactions in Derivatives and as such, nothing is to be reported in this segment. The Bank did not had any transactions under this segment in the previous year also.

4. ASSET QUALITY

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

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

5. EXPOSURES

The following details are required under Exposure Disclosure

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

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

6. DISCLOSURE OF PENALTIES IMPOSED BY RBI

RBI has not imposed any penalty on the Bank during the year ended 31st March, 2022. (RBI had not imposed any penalty on the Bank during the year ended 31st March 2021).



7. DEPRECIATION ON FIXED ASSETS

Break up of Total Depreciation for each class of the assets

(Rs. in 000's)

| Class of Assets | 31.03.2022 | 31.03.2021 |
|--------------------|---------------|---------------|
| Computer Software | 582181 | 562838 |
| Other Fixed Assets | 223948 | 61253 |
| Total | 806129 | 624091 |

8. ASSET LIABILITY MANAGEMENT

a. Maturity pattern of certain items of Assets and Liabilities

(Rs. in 000's)

| Maturity Pattern | Deposits | Advances | Investment | Borrowings | Foreign Currency Assets | Foreign Currency Liabilities |
|---------------------------|-----------------|--------------|-----------------|---------------|-------------------------|------------------------------|
| Next Day | 493895 | NIL | NIL | NIL | 3791 | NIL |
| | 310490 | | 487500 | | 3661 | |
| 2-7 days | 1188540 | NIL | NIL | NIL | NIL | NIL |
| | 734312 | | NIL | 169964 | | |
| 8-14 days | 1199436 | NIL | NIL | NIL | NIL | NIL |
| | 738629 | | 149873 | | | |
| 15-30 days | 1115002 | 2757 | 598874 | NIL | NIL | NIL |
| | 694989 | NIL | 49936 | | | |
| 31 days to 2 months | NIL | 2757 | NIL | NIL | NIL | NIL |
| | | NIL | 149377 | | | |
| Over 2 months to 3 months | NIL | 2757 | 4681253 | NIL | NIL | NIL |
| | | NIL | 695606 | | | |
| Over 3 months to 6 months | NIL | 6671 | 8722392 | NIL | NIL | NIL |
| | | NIL | 8294365 | | | |
| Over 6 months to 1 Year | NIL | 678 | 14895728 | NIL | NIL | NIL |
| | | NIL | 9104771 | | | |
| Over 1 Year to 3 Years | 32920345 | NIL | NIL | NIL | NIL | NIL |
| | 20518431 | | | | | |
| Over 3 Years to 5 Years | NIL | NIL | 102914 | NIL | NIL | NIL |
| | | | 103878 | | | |
| Over 5 Years | NIL | NIL | 7702 | NIL | NIL | NIL |
| | | | 55592 | | | |
| Total | 36917218 | 15620 | 29008863 | NIL | 3791 | NIL |
| | 22996851 | NIL | 19090898 | 169964 | 3661 | |

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





Note:

- ▶ Deposits: In line with the RBI guidelines on Asset Liability Management, the withdrawal pattern of the Current / Savings deposit as on 31st March 2022 has been classified in the appropriate buckets on the basis of behavioural study approved by the Board of the Bank.
- ▶ Investments / Advances / Borrowings: These are bucketed as per the respective residual maturity pattern.

b. Liquidity Coverage Ratio (LCR)

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

c. Net Stable Funding Ratio (NSFR)

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

9. REVENUE RECOGNITION – ACCOUNTING STANDARD 9

- a. Interest income is recognised on accrual basis. Interest income on discounted instrument is recognised over the tenure of the instrument.
- b. Commission income & Service charge is recognised on completion of provision of services. Revenue is recognised when reasonable right of recovery is established and when no significant uncertainty exists regarding realisation of consideration.
- c. All other income is accounted on realisation basis
- d. Interest and operating expenses are accounted on accrual basis.

10. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES – ACCOUNTING STANDARD 11

During FY 2021-22, Bank has entered into agreement with M/s. Ria Financial Services USA under Money Transfer Service Scheme (MTSS). In this connection, Bank had received a collateral deposit of USD 50,018.91/- This amount is kept with State Bank of India and is shown under “Current Deposits with Banks”. The corresponding liability to M/s. Ria Financial Services is shown under “Other Liabilities – Others”. Conversion to INR is made as per FEDAI guidelines.

The amount of collateral deposit of USD 50,070/- received from M/s. Western Union Financial Services during FY 2020-21 which was outstanding as on 31.03.2021 was repaid during the current financial year as Department of Posts decide to continue with providing such services directly.





11. GOVERNMENT GRANTS UTILIZATION – ACCOUNTING STANDARD 12

The utilisation of the Grant is given below:

(Rs. in 000's)

| Particulars | 31.03.2022 | 31.03.2021 |
|---|-------------|---------------|
| Opening Balance of Grant-in-Aid | 104984 | 368795 |
| Add: Received during the year | - | - |
| Less: Utilised during the year | 104984 | 263811 |
| Closing Balance of Grant-in-Aid (A) | - | 104984 |
| Opening Balance of Interest Accrued on Grant-in-Aid | 14364 | 24723 |
| Add: Interest accrued during the year | 2466 | 14364 |
| Less: Interest of previous year remitted to Gol through DoP | 14364 | 24723 |
| Closing Balance of Interest Accrued on Grant-in-Aid (B) | 2466 | 14364 |
| Closing Balance as per Schedule 2 of Balance Sheet (A) + (B) | 2466 | 393518 |

As directed by C&AG, Bank has transferred an amount of Rs.0.25 crore from Profit and Loss Account to Grant Account being the interest accrued on unutilised portion of Grants for the current financial year, which will be remitted to Consolidated Fund of India through Department of Posts.

Interest accrued during FY 2020-21 amounting to Rs.1.44 crore has been transferred to Department of Posts during the current financial year for onward remittance to Consolidated Fund of India.

12. EMPLOYEE BENEFITS – ACCOUNTING STANDARD 15

A) Gratuity

During the year, Bank has purchased annuities worth Rs.11.30 crore from Life Insurance Corporation of India based on actuarial valuation. This amount is debited to Profit and Loss account for the year ended 31st March 2022 (Rs.8.07 crore during FY 2020-21)

B) Leave Encashment

During the year, Bank has made a provision of Rs.21.36 crore for encashment of Privilege Leave by employees based on actuarial valuation. This amount is debited to Profit and Loss account for the year ended 31st March 2022. (Rs.7.36 crore during FY 2020-21)

13. RELATED PARTY DISCLOSURES – ACCOUNTING STANDARD 18

Remuneration paid to Key Management Personnel

(Rs. in 000's)

| Particulars | FY 2021-22 | FY 2020-21 |
|--------------------------------|------------|------------|
| Remuneration paid to Directors | 320 | 740 |
| Remuneration paid to MD & CEO | 6270 | 10331 |





| | | |
|--|------|------|
| Remuneration paid to CFO | 4716 | 4456 |
| Remuneration paid to Company Secretary | 1470 | 1349 |

14. SEGMENT REPORTING – ACCOUNTING STANDARD 17

(Rs. in 000's)

| Part A: Business Segments | | | |
|---------------------------|---|--------------------------|--------------------------|
| S. No. | Particulars | Year Ended 31.03.2022 | Year Ended 31.03.2021 |
| i. | Segment Revenue | | |
| | a) Treasury | 1189892 | 818253 |
| | b) Corporate/Wholesale Banking | NIL | NIL |
| | c) Retail Banking | 3408552 | 1299081 |
| | d) Other Banking Operations | 13597 | 13982 |
| | Total | 4612041 | 2131316 |
| ii. | Segment Results | | |
| | a) Treasury | -33678 | -63515 |
| | b) Corporate/Wholesale Banking | NIL | NIL |
| | c) Retail Banking | -1674571 | -3216834 |
| | d) Other Banking Operations | 13597 | 12352 |
| | Total | -1694652 | -3267997 |
| iii. | Unallocated Expenses | NIL | NIL |
| iv. | Operating Profit | -1694652 | -3267997 |
| v. | Provisions | -98479 | -62558 |
| vi. | Extraordinary Item (Prior Period Expenditure) | NIL | NIL |
| vii. | Net Profit | -1596173 | -3205439 |
| Other Information: | | | |
| viii. | Segment Assets | | |
| | a) Treasury | 41396670 | 26202027 |
| | b) Corporate/Wholesale Banking | NIL | NIL |
| | c) Retail Banking | 3614411 | 4415369 |
| | d) Other Banking Operations | NIL | NIL |
| | Sub Total | 45011081 | 30617396 |
| | e) Unallocated Assets | NIL | NIL |
| | Total Assets | 45011081 | 30617396 |
| ix. | Segment Liabilities | | |
| | a) Treasury | 38303500 | 23630863 |
| | b) Corporate/Wholesale Banking | NIL | NIL |
| | c) Retail Banking | 6707581 | 6986533 |





| | | | |
|--|-----------------------------|-----------------|-----------------|
| | d) Other Banking Operations | NIL | NIL |
| | Sub Total | 45011081 | 30617396 |
| | e) Unallocated Liabilities | NIL | NIL |
| | Total Liabilities | 45011081 | 30617396 |

Part B – Geographic Segments

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

15. ACCOUNTING FOR LEASES – ACCOUNTING STANDARD 19

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

16. EARNINGS PER SHARE – ACCOUNTING STANDARD 20

| S. No. | Particulars | 31.03.2022 | 31.03.2021 |
|--------|---|------------|------------|
| A | EPS – Basic/Diluted (in Rs) | -1.22 | -3.04 |
| B | Amount used as numerator Profit/(Loss) (after tax) (Rs in 000) | (1596173) | (3205439) |
| C | Nominal Value of Share | Rs.10 each | Rs.10 each |
| D | Weighted average number of equity shares used as the denominator | 1307950685 | 1054301370 |

17. ACCOUNTING FOR TAXES ON INCOME – ACCOUNTING STANDARD 22

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

The Management is of the view that in the absence of reasonable certainty of adequate available surplus, no provision for deferred tax assets recognised on losses for the current year ended on 31st March 2022. The existing Deferred Tax Asset on Accumulated losses recognized in FY 2018-19 and FY 2019-20 totalling to Rs.168.80 crore was reviewed and a considered conservative view has been taken to retain the same as such. Accordingly, the 'carry forward loss' component of Deferred Tax Assets and Liabilities shown below represents the Deferred Tax Assets recognized in FY 2018-19 and FY 2019-20.

Major components of Deferred Tax Assets are set out below:

(Rs. in 000's)

| Particulars | 31.03.2022 | 31.03.2021 |
|--------------------------------|----------------|----------------|
| Deferred Tax Assets | | |
| Carry Forward Loss | 1688009 | 1688009 |
| Provision for Gratuity | - | 53431 |
| Provision for Leave Encashment | 85107 | 43202 |
| Depreciation on Fixed Assets | 93482 | - |
| Total | 1866599 | 1784642 |





| | | |
|----------------------------------|----------------|----------------|
| Deferred Tax Liabilities | | |
| Depreciation on Fixed Assets | - | 16522 |
| Total | - | 16522 |
| Deferred Tax Assets (Net) | 1866599 | 1768120 |

18. ACCOUNTING FOR INVESTMENTS IN ASSOCIATES IN CONSOLIDATED FINANCIAL STATEMENTS - ACCOUNTING STANDARD 23

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

19. IMPAIRMENT OF ASSETS – ACCOUNTING STANDARD 28

There is no impairment of Assets during the financial year ended 31st March 2022.

20. DISCLOSURE ON STATUS OF COMPLAINTS & UNIMPLEMENTED AWARDS OF BANKING OMBUDSMAN

| S. No. | Particulars | Current Year | Previous Year |
|---|---|--------------|---------------|
| Complaints received by the bank from its customers | | | |
| 1 | No of complaints pending at the beginning of the year | 259 | 590 |
| 2 | No of complaints received during the Year | 20170 | 13992 |
| 3 | No of complaints disposed during the year | 20158 | 14323 |
| 3.1 | Of which, number of complaints rejected by the bank | 219 | Nil |
| 4 | No of complaints outstanding at the end of the year | 271 | 259 |
| Maintainable complaints received by the bank from OBOs | | | |
| 5 | Number of maintainable complaints received by the bank from OBOs | 115 | 45 |
| 5.1 | Of 5, number of complaints resolved in favour of the bank by BOs | 115 | 44 |
| 5.2 | Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs | Nil | 1 |
| 5.3 | Of 5, number of complaints resolved after passing of Awards by BOs against the bank | Nil | Nil |
| 6 | Number of Awards unimplemented within the stipulated time (other than those appealed) | Nil | Nil |





Top five grounds of complaints received by the Bank from customers

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| Current year (2021-22) | | | | | |
| Internet/Mobile Banking/Electronic Banking | 218 | 15459 | 41.16% | 200 | 5 |
| Tariff Schedule & Service Charges | 0 | 1070 | 2509.75% | 9 | 0 |
| Others | 41 | 3641 | 21.36% | 62 | 1 |
| Total | 259 | 20170 | 44.15% | 271 | 6 |
| Previous year (2020-21) | | | | | |
| Internet/Mobile Banking/Electronic Banking | 452 | 10951 | -76.63% | 218 | 0 |
| Tariff Schedule & Service Charges | 0 | 41 | -99.54% | 0 | 0 |
| Others | 138 | 3000 | -82.64% | 41 | 0 |
| Total | 590 | 13992 | -80.82% | 259 | 0 |

21. BREAK UP OF “PROVISIONS AND CONTINGENCIES”

(Rs. in 000's)

| Particulars | 31.03.2022 | 31.03.2021 |
|---|---------------|---------------|
| Provision towards NPAs (net) | NIL | NIL |
| Provision towards standard assets | NIL | NIL |
| Provision made towards Income Tax/ Deferred Tax | -98479 | -63434 |
| Other Provisions & Contingencies | NIL | NIL |
| Total | -98479 | -63434 |

22. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURE & NPAS

a. Concentration of Deposits:

(Rs. in 000's)

| Particulars | 31.03.2022 | 31.03.2021 |
|---|------------|------------|
| Total Deposit of Twenty largest depositors | 4000 | 2000 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the bank | 0.0108% | 0.0087% |





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

23. TRANSFER TO DEPOSITOR EDUCATION & 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.

24. 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.

25. 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.

26. OTHER DISCLOSURES

a. Business Ratios

| Particulars | | 31.03.2022 | 31.03.2021 |
|-------------|---|------------|------------|
| i) | Interest Income as a percentage to Working Funds | 2.84% | 2.75% |
| ii) | Non-Interest Income as a percentage to Working Funds | 7.36% | 4.54% |
| iii) | Cost of Deposits | 2.47% | 2.86% |
| iv) | Net Interest Margin | 1.82% | 1.90% |
| v) | Operating Profit as a percentage to Working Funds | -3.75% | -11.18% |
| vi) | Return on Assets | -3.53% | -10.96% |
| vii) | Business (Deposit plus advances) per employee (Rs in lakhs) | 234.40 | 131.26 |
| viii) | Profit/ (Loss) per employee (Rs in lakhs) | (10.13) | (18.30) |

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



**b. Disclosure in respect of Bancassurance Business**

(Rs. in 000's)

| Particulars | FY 2021-22 | FY 2020-21 |
|--|------------|------------|
| Commission earned from Distribution of Life Insurance Products | 57131 | 63923 |
| Commission earned from Distribution of Non-Life Insurance Products | 5973 | - |
| Commission earned from Distribution of PMJJBY | 3871 | 1034 |

c. Marketing & Distribution

(Rs. in 000's)

| Particulars | FY 2021-22 | FY 2020-21 |
|---|------------|------------|
| Commission earned from Distribution of Mutual Fund Products | 417 | - |
| Commission earned from Loan Referral | 842 | - |

d. Disclosure regarding Priority Sector Lending Certificates (PSLCs) (Moved from Exposure)

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

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

As per guidelines, Bank is submitting Ind AS proforma to RBI on a quarterly basis. Being a Payments Bank and based on the present business model, IPPB is not expecting any major challenge in implementation of Ind AS.

f. Reward Points of Credit Card & Debit Card

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

g. Payment of DICGC Insurance Premium

(Rs. in 000's)

| S. No. | Particulars | FY 2021-22 | FY 2020-21 |
|--------|-------------------------------------|------------|------------|
| a. | Payment of DICGC Insurance Premium | 31577 | 15505 |
| b. | Arrears in payment of DICGC premium | - | - |

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

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





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

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

Other Notes:

27. INTEREST ON GRANT

As directed by C&AG, Bank has transferred an amount of ₹ 0.25 crores from Profit and Loss Account to Grant Account being the interest accrued on unutilised portion of Grants, which will be remitted to Consolidated Fund of India through Department of Posts.

Interest accrued during FY 2020-21 amounting to Rs.1.44 crore has been transferred to Department of Posts for onward remittance to Consolidated Fund of India.

28. CONTINGENT LIABILITIES

The Contingent Liability of ₹ 0.25 crores 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.

29. SHARE CAPITAL

During the FY 2021-22, Bank has raised Equity Share Capital of ₹ 200 crores by way of Rights Issue of Equity Shares to President of India (₹ 220 crore during FY 2020-21)

Bank has increased its Authorised Share Capital by ₹ 600 crore during the year to meet the expected additional inflow of capital funds (₹ 220 crore during FY 2020-21)

30. PROVISION FOR SALARY REVISION AS PER 11TH BIPARTITE SETTLEMENT

Bank follows the salary structure as decided by Indian Banks Association (IBA). The 11th Bipartite Settlement is due from November 2017 and Bank has been making provision every year in Books of Accounts towards payment of arrears.

Based on Board approval, Bank has implemented the salary structure as per 11th Bipartite Settlement w.e.f. December 2021. As against the arrears for the period from November 2017 to November 2021, partial payment was made during the current financial year. The balance amount of arrears payable outstanding in the books as on 31.03.2022 is ₹ 38.34 crore

31. SHORT-TERM INTEREST BEARING ADVANCE TO STAFF

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





32. FIXED 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

33. GOING CONCERN

As at the year-end, the accumulated losses are more than fifty percent of the paid up share capital of the Bank and the net worth of the Bank has been eroded to that extent. The Bank's ability to continue as going concern is dependent on the success of operations and its ability to arrange funding for the operations.

The Bank is confident of meeting its operating and capital funding requirements in next twelve months. Accordingly, these financial statements have been prepared on a going concern basis.

34. COVID-19 PANDEMIC

The spread of COVID-19 has earlier led to a regional lockdown, which in turn resulted into significant volatility in Global and Indian financial markets and decrease in global and local economic activities during the first wave of Covid-19 pandemic. During FY2022, India has witnessed two more waves of covid-19 pandemic. Currently, the number of new Covid-19 cases have reduced significantly and the Government has withdrawn most of the Covid-19 related restrictions.

Further, the extent to which the COVID pandemic and its future waves if any may impact the Bank's operations is uncertain. The Bank is however keeping a close watch on developments on an ongoing basis and taking proactive measures continuously to maintain and improve operational efficiency. The Bank, therefore, believes that there may not be any significant impact on Bank's future financial results.

35. 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.

The bills/ refunds to the tune of Rs.0.20 crore are still receivable from DoP as on 31.03.2022 and the same is shown as receivable under DOP (Capital Commitment). Since the amount is long outstanding, Bank has made provision for an equal amount in the Books of Accounts as on 31.03.2022. Bank is regularly following up with DoP for obtaining remaining Bills/ Refunds referred above.

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 organization, Bank 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.





36. 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 31st March 2019. The said hardware has been insured in Bank's name. Bills received till 31st March 2022 were for Rs.104.54 crore. The remaining bills amounting to Rs.1.78 crore will be received during the remaining period of the contract.

Similarly, Bank 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 31st March 2019 against which the bills received till 31st March 2022 were for Rs.212.96 crores. The remaining bills amounting to Rs.27.50 crore will be received during the remaining period of the contract.

The said hardware and software 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 by M/s. STQC IT Services.

During FY 2021-22, Bank has imposed a penalty of Rs.57.73 crore (being 10% of the total contract amount of Rs.577.26 crore pertaining to Release 2) on the vendor. Although the amount of penalty was adjusted against the payments made during FY 2021-22, the corresponding reversals were not effected against assets capitalised and/ or expenses booked during the last four financial years. The management is of the view that no treatment is required in the books of accounts during the current financial year and this amount will be adjusted against future amounts to be capitalised or expensed of during the remaining period of the contract.

During the financial year 2021-22, the Bank has made payment of Rs.49.88 crores inclusive of taxes (net of penalty mentioned above), based on mile stone achievement to the vendor, which includes payments towards Hardware, Software, AMCs Fees, implementation and customisation etc.

37. BASED ON RBI "MASTER DIRECTION ON FINANCIAL STATEMENTS"

Presentation and Disclosures" dated 30th August 2021, Bank has reclassified 'Provision for Depreciation on Investments' from 'Provisions and Contingencies' to "Other Income - Profit/ Loss on Revaluation of Investments"

Similarly based on RBI notification dated 19th May 2022 on "Reporting of Reverse Repos with Reserve Bank on the Bank's Balance Sheet", Bank has reclassified 'Reverse Repo with RBI' from "Schedule 7 – Balance with Banks & Money at Call & Short Notice" to "Schedule 6 – Cash and Balances with Reserve Bank of India"





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

Sd/-
(Priyanka Bhatnagar)
Company Secretary

Sd/-
(Anoop E S)
Chief Financial Officer

Sd/-
(J Venkatramu)
MD & CEO
(DIN 08918442)

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

Sd/-
(Vineet Pandey)
Chairman
(DIN 09199133)

As per our note of even date
For Mehra Goel & Co
Chartered Accountants (FRN 000517N)

Sd/-
(Devinder Kumar Aggarwal)
Partner, Membership No. 087716

Date: 30.06.2022
Place: New Delhi





गोपनीय
Azadi Ka
Amrit Mahotsav

क्रमांक
No.

वि.वि.लेखापरीक्षा-280/IPPBL/2023-21/146

कार्यालय

महानिदेशक लेखापरीक्षा, वित्त एवं संचार
शामनाथ मार्ग, (समीप पुराना सचिवालय) दिल्ली-110054

OFFICE OF THE
Director General Of Audit, Finance & Communication
SHAMNATH MARG, (NEAR OLD SECRETARIAT), DELHI-110054

दिनांक 02-09-2022
Date

सेवा में,

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

विषय: भारतीय पोस्ट पेमेंट बैंक लि. (IPPBL) के वर्ष 2021-22 के वार्षिक लेखों पर कंपनी अधिनियम, 2013 की प्राव 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 31st March 2022 for information and further necessary action.

The receipt of this letter may please be acknowledged.

संलग्नक: बंधोपरि

भवदीया,


(अनंद दीप चौधरी)
महानिदेशक 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 31st MARCH 2022**

The preparation of financial statements of India Post Payment Bank Ltd. (IPPBL) for the year ended 31 March 2022 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 30th June 2022.

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 2022 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**

**(Aman Deep Chatha)
Director General of Audit
(Finance & Communication)**

Place: New Delhi
Date: 2-09-2022



SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2022

[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, 2022 ('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, 2022 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 specifically 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 Ministry of Heavy Industries & Public Enterprises that "the Company should be categorised as Public Sector Bank and not as CPSE".





- 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 number of independent directors on the Board were not in majority during the year, as stipulated in the Guidelines for Licensing of Payments Banks and Articles of Association of the Company and there is no Independent Director on the Board of the Company w.e.f. 29.09.2021.
 - (ii) Due to pending appointment of Independent Directors on the Board of the Company and improper composition of the Board and its Committees, does not fulfill the respective requirements of Sections 177 and 178 of the Companies Act, 2013 w.e.f. 29.09.2021, with respect to Independent Directors on its Board and its Committees, has also led to deviation with other allied requirements such as quorum for Committee Meetings, Separate Meeting of independent Directors etc.
 - (iii) The Company has invested Rs. 77.01 Lakh in Equity Shares of NPCI on 26th November, 2020 without seeking prior approval of the RBI. Thereafter, as per letter dated 7th September, 2021, RBI instructed to withdraw the investment made in NPCI. The Company has taken Board approval for transfer of the shares and is in process for transferring of Equity shares of NPCI as per RBI instructions.

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 enumerated in para D above regarding the appointment for 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 1,255 Crore to 1,555 Crore and from 1,555 Crore to 1,855 Crore on 10.08.2021 and on 07.03.2022 respectively".
- b) During the audit period the company has allotted 20,00,00,000 Equity Shares of Rs. 10/- each to President of India through Secretary, Department of Post on right issue basis.

Note:

- a) 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.
- b) 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.

For VAP & Associates
Company Secretaries
FRN: S2014UP280200
Peer Review No: 1083/2021

Parul Jain
Proprietor
M. No. F8323
CP No. 13901
UDIN:

Place: Ghaziabad
Date: --.09.2022



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 not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
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.

For **VAP & Associates**
Company Secretaries
FRN: S2014UP280200
Peer Review No: 1083/2021

Parul Jain
Proprietor
M. No. F8323
CP No. 13901

Place: Ghaziabad
Date: --.09.2022





MANAGEMENT'S REPLY TO THE COMMENTS OF THE SECRETARIAL AUDITOR REPORT FOR THE FINANCIAL YEAR 2021-22

| S.No. | Comments/Remarks | Management Reply |
|-------|--|---|
| 01 | The number of independent directors on the Board were not in majority during the year, as stipulated in the Guidelines for Licensing of Payments Banks and Articles of Association of the Company and there is no Independent Director on the Board of the Company with effect from 29.09.2021. | ACC vide their letter dated 11 th September, 2022 has approved the proposal of Department of Posts for appointment of 5 Independent Directors on the Board of IPPB for a period of three years. |
| 02 | Due to pending appointment of Independent Directors on the Board of the Company and improper composition of the Board and its Committees, does not fulfill the respective requirements of Sections 177 and 178 of the Companies Act, 2013 w.e.f. 29.09.2021, with respect to Independent Directors on its Board and its Committees, has also led to deviation with other allied requirements such as quorum for Committee Meetings, Separate Meeting of independent Directors etc. | ACC vide their letter dated 11 th September, 2022 has approved the proposal of Department of Posts for appointment of 5 Independent Directors on the Board of IPPB for a period of three years. Post the appointment procedures, committee will be reconstituted in accordance to the Company's Act and RBI guidelines. |
| 03 | The Company has invested Rs. 77.01 Lakh in Equity Shares of NPCI on 26 th November, 2020 without seeking prior approval of the RBI. Thereafter, as per letter dated 7 th September, 2021, RBI instructed to withdraw the investment made in NPCI. The Company has taken Board approval for transfer of the shares and is in process for transferring of Equity shares of NPCI as per RBI instructions. | Federal Bank has shown their interest to buy NPCI shares subject to IPPB Board approval. Process for the sale has been initiated. |

