**Deloitte**
**Haskins & Sells**

**Chartered Accountants**
19th Floor , Shapath – V,
S G Highway,
Ahmedabad – 380 015
Gujarat, India

Tel: +91 79 6682 7300
Fax: +91 79 6682 7400

**INDEPENDENT AUDITOR'S REPORT**
**To The Members of JIO PAYMENTS BANK LIMITED**
**Report on the Audit of the Financial Statements**

## Opinion

We have audited the accompanying financial statements of Jio Payments Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March 2020, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act,1949 and the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2020, and its profit, and its cash flows for the year ended on that date.

## Basis for Opinion

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

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

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

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

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

- When we read the Director's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

**Management's Responsibility for the Financial Statements**

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, the Accounting Standards, other accounting principles generally accepted in India, and the guidelines issued by the Reserve Bank of India.This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

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

**Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls 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 the management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank and its branches to express an opinion on the Bank's financial statements.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act and section 30 of the Banking Regulation Act, 1949 based on our audit we report to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.

b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books .

c) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

d) As explained in paragraph 2 below, the financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

e) The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable to banks.

g) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

h) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of Bank's internal financial controls over financial reporting.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, as the Bank is governed by Section 35B(2A) of the Banking Regulation Act, 1949, section 197 of the Act related to the managerial remuneration is not applicable.

j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The Bank does not have any pending litigations as on 31 March 2020;

ii) The Bank did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

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2. We report that during the course of our audit we have not visited the branch. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the core banking systems, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at the Head Office and Central Processing Units based on the necessary records and data required for the purposes of the audit being made available to us.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
(Partner)
(Membership No. 105035)
(UDIN : 20105035AAAABR7572)

Place: Mumbai
Date: 23 April 2020

**Deloitte**
**Haskins & Sells**

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Jio Payments Bank Limited ("the Bank") as of 31 March 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting of the Bank based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
(Partner)
(Membership No. 105035)
(UDIN : 20105035AAAABR7572)

Place: Mumbai
Date: 23 April 2020

# Jio Payments Bank Limited

## Financial Statements

2019-20

**JIO PAYMENTS BANK LIMITED**
**Balance Sheet as at 31st March, 2020**

*Rs in 000s*

| | Schedule No. | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|---|
| **CAPITAL & LIABILITIES** | | | |
| Capital | 1 | 2,320,000 | 2,320,000 |
| Reserves & Surplus | 2 | (167,620) | (172,656) |
| Deposits | 3 | 208,241 | 183,190 |
| Borrowings | 4 | - | 248,346 |
| Other Liabilities and Provisions | 5 | 151,686 | 123,941 |
| **Total** | | **2,512,307** | **2,702,821** |
| **ASSETS** | | | |
| Cash and Balances with Reserve Bank of India | 6 | 42,702 | 21,266 |
| Balances with Banks and Money at Call and Short Notice | 7 | 303,025 | 652 |
| Investments | 8 | 1,576,563 | 2,251,238 |
| Advances | 9 | - | - |
| Fixed Assets | 10 | 502,473 | 323,174 |
| Other Assets | 11 | 87,544 | 106,491 |
| **Total** | | **2,512,307** | **2,702,821** |
| Contingent Liabilities<br>Bills for Collection | 12 | 18,619 | 17,045 |
| Significant accounting policies and notes to the financial statements<br>The schedules referred to above form an integral part of the Balance Sheet. | 17&18 | | |

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DELOITTE HASKINS & SELLS

As per our Report of even date

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
Partner
**(Membership No. 105035)**

For and on behalf of the Board

**Rajendra Kumar Saraf**
Director
**DIN: 02730755**

**Srikrishnan Hari Hara Sarma**
Managing Director and Chief Executive Officer
**DIN: 00318563**

**R. Aditya Subramanyam**
Company Secretary
Membership No: A38750

**Vivek Venkatesan**
Chief Financial Officer
PAN : ACBPV6371J

Place: Mumbai
Date: 23rd April, 2020

**JIO PAYMENTS BANK LIMITED**

**Profit and Loss account for the year ended 31st March, 2020**

*Rs in 000s*

| | Schedule No. | For the year ended | |
|---|---|---|---|
| | | 31st March, 2020 | 31st March, 2019 |
| **I. INCOME** | | | |
| Interest earned | 13 | 144,952 | 149,857 |
| Other income | 14 | 48,982 | 2,002 |
| **Total** | | **193,934** | **151,859** |
| | | | |
| **II. EXPENDITURE** | | | |
| Interest Expended | 15 | 9,228 | 5,663 |
| Operating Expenses | 16 | 179,670 | 157,292 |
| Provisions and contingencies | | - | - |
| **Total** | | **188,898** | **162,955** |
| | | | |
| **III. PROFIT/ (LOSS)** | | | |
| Net Profit/ (Loss) for the year | | 5,036 | (11,096) |
| (Loss) brought forward from previous year | | (172,656) | (161,560) |
| | | | |
| **IV AMOUNT AVAILABLE FOR APPROPRIATION** | | (167,620) | (172,656) |
| | | | |
| **V APPROPRIATIONS** | | | |
| Transfer to Statutory reserve | 2 (I) | 1,259 | - |
| Transfer to Government/ Proposed dividend | | - | - |
| Transfer to Other Reserves | | - | - |
| Balance Carried over to Balance Sheet | | (168,879) | (172,656) |
| **Total** | | **(167,620)** | **(172,656)** |
| | | | |
| **Earning/(Loss) per equity share of face value of Rs 10 each** | 18.11 | | |
| (1) Basic | | 0.02 | (0.05) |
| (2) Diluted | | 0.02 | (0.05) |
| Significant accounting policies and notes to the financial statements<br>The schedules referred to above form an integral part of the Profit and Loss Account | 17&18 | | |

As per our Report of even date

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
Partner
**(Membership No. 105035)**

For and on behalf of the Board

**Rajendra Kumar Saraf**
Director
**DIN: 02730755**

**Srikrishnan Hari Hara Sarma**
Managing Director and Chief Executive Officer
Director
**DIN: 00318563**

**R. Aditya Subramanyam**
Company Secretary
Membership No: A38750

**Vivek Venkatesan**
Chief Financial Officer
PAN : ACBPV6371J

Place: Mumbai
Date: 23rd April, 2020

## JIO PAYMENTS BANK LIMITED

### Cash Flow Statement for the year ended 31st March, 2020

*Rs in 000s*

| | Schedule No. | | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 |
|---|---|---|---|---|---|
| **A: CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| **Profit/ (Loss) before Tax as per Profit and Loss Account** | | | **5,036** | | **(11,096)** |
| **Adjusted for:** | | | | | |
| Stamp Duty Paid on issue of Equity Shares | | - | | 11,869 | |
| Depreciation on Fixed Assets | 16 (v) | 568 | | 322 | |
| | | | **568** | | **12,191** |
| | | | **5,604** | | **1,095** |
| **Adjustments for:** | | | | | |
| (Increase) / decrease in investments | | 674,675 | | (1,244,655) | |
| (Increase)/ decrease in other assets | | 18,626 | | (72,487) | |
| Increase in deposits | | 25,051 | | 183,190 | |
| Increase in other liabilities and provisions | | 27,745 | | 72,295 | |
| | | | **746,097** | | **(1,061,657)** |
| **Cash Used/ generated in Operations** | | | **751,701** | | **(1,060,562)** |
| Taxes Paid (Net) | | | **321** | | - |
| **Net Cash Flow From/ (Used in) Operating Activities** | | | **752,022** | | **(1,060,562)** |
| **B: CASH FLOW FROM INVESTING ACTIVITIES** | | | | | |
| Purchase of fixed assets (Including Capital Work in Progress and Intangible Assets Under Development) | 10 | | (179,867) | | (172,725) |
| **Net Cash Used in Investing Activities** | | | **(179,867)** | | **(172,725)** |
| **C: CASH FLOW FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from issue of Equity shares | 1.2 | | - | | 1,000,000 |
| Stamp Duty Paid on issue of Equity Shares | | | - | | (11,869) |
| Proceeds/ (repayment) of Borrowings | | | (248,346) | | 248,346 |
| **Net Cash flow from/ used in Financing Activities** | | | **(248,346)** | | **1,236,477** |
| **Net Increase in Cash and Cash Equivalents** | | | **323,809** | | 3,190 |
| **Opening Balance of Cash and Cash Equivalents** | | | **21,918** | | 18,728 |
| **Cash and Cash Equivalents at the end of the year** | | | **345,727** | | 21,918 |
| **Represented by** | | | | | |
| Cash and Balances with Reserve Bank of India | 6 | | 42,702 | | 21,266 |
| Balances with Banks and Money at Call and Short Notice | 7 | | 303,025 | | 652 |
| **Cash and Cash Equivalents at the end of the year** | | | 345,727 | | 21,918 |

As per our Report of even date

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
Partner
**(Membership No. 105035)**

For and on behalf of the Board

**Rajendra Kumar Saraf**
Director
**DIN: 02730755**

**Srikrishnan Hari Hara Sarma**
Managing Director and Chief Executive Officer
**DIN: 00318563**

**R. Aditya Subramanyam**
Company Secretary
Membership No: A38750

**Vivek Venkatesan**
Chief Financial Officer
PAN : ACBPV6371J

Place: Mumbai
Date: 23rd April, 2020

**JIO PAYMENTS BANK LIMITED**

**Schedules forming part of Financial Statements**

*Rs in 000s*

| 1 Capital | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Share capital** | | |
| **Authorised Share Capital:** | | |
| **350,000,000** Equity shares of Rs.10 each (350,000,000) | 3,500,000 | 3,500,000 |
| **Total** | **3,500,000** | **3,500,000** |
| **Issued, subscribed and paid-up:** | | |
| **232,000,000** Equity shares of Rs.10 each fully paid up (232,000,000) | 2,320,000 | 2,320,000 |
| **Total** | **2,320,000** | **2,320,000** |

**Note:**

**1.1** The Bank has only one class of equity shares having a par value of Rs 10 per share.

**1.2 Reconciliation of number of shares outstanding at the beginning and at the end of the year :**

| | 31st March, 2020 | | 31st March, 2019 | |
|---|---|---|---|---|
| | **No. of Shares** | **Rs. in 000s** | **No. of Shares** | **Rs. in 000s** |
| Equity shares outstanding at the beginning of the year | 232,000,000 | 2,320,000 | 132,000,000 | 1,320,000 |
| Add: Equity shares issued during the year | - | - | 100,000,000 | 1,000,000 |
| Equity shares outstanding at the end of the year | **232,000,000** | **2,320,000** | **232,000,000** | **2,320,000** |

**JIO PAYMENTS BANK LIMITED**

**Schedules forming part of Financial Statements**

*Rs in 000s*

| | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Schedule 2- Reserves & Surplus** | | |
| **I. Statutory Reserves** | | |
| Opening Balance | - | - |
| Additions during the year (Refer Note No 18.14) | 1,259 | - |
| Deductions during the year | - | - |
| **Total** | **1,259** | **-** |
| **II. Capital Reserves** | | |
| Opening Balance | - | - |
| Additions during the year | - | - |
| Deductions during the year | - | - |
| **Total** | **-** | **-** |
| **III. Other Reserves** | | |
| Opening Balance | - | - |
| Additions during the year | - | - |
| Deductions during the year | - | - |
| **Total** | **-** | **-** |
| **IV. Balance in Profit and Loss Account** | **(168,879)** | (172,656) |
| **Total Reserves & Surplus** | **(167,620)** | **(172,656)** |
| **Schedule 3- Deposits** | | |
| **A. I. Demand Deposits** | | |
| i) From Banks | - | - |
| ii) From Others | 195,662 | 182,995 |
| **II. Savings Bank Deposit** | 12,579 | 195 |
| **III. Term Deposits** | | |
| i) From Banks | - | - |
| ii) From Others | - | - |
| **Total** | **208,241** | **183,190** |
| B. I. Deposits of branches in India | 208,241 | 183,190 |
| II. Deposit of branches outside India | - | - |
| **Total** | **208,241** | **183,190.00** |
| **Schedule 4- Borrowings** | | |
| A. Borrowings in India | | |
| i) Reserve Bank of India | - | - |
| ii) Other Banks | - | - |
| iii) Other institutions and agencies | - | 248,346 |
| **Total (A)** | **-** | **248,346** |
| B. Borrowings outside India | - | - |
| **Total (B)** | **-** | **248,346** |
| **Total (A+B)** | **-** | **248,346** |
| **Schedule 5- Other Liabilities and Provisions** | | |
| I. Bills payable | - | - |
| II. Inter Office adjustments ( net) | - | - |
| III. Interest accrued | 6 | 115 |
| IV. Others ( including provisions) | 151,680 | 123,826 |
| **Total** | **151,686** | **123,941** |

DELOITTE HASKINS & SELLS

**JIO PAYMENTS BANK LIMITED**

**Schedules forming part of Financial Statements**

*Rs in 000s*

| | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Schedule 6- Cash and Balances with Reserve Bank of India** | | |
| I. Cash in Hand | - | - |
| II. Balance with Reserve Bank of India | | |
| i) In Current Accounts | 42,702 | 21,266 |
| ii) In Other Accounts | - | - |
| **Total (I+II)** | **42,702** | **21,266** |
| **Schedule 7- Balances with Banks and Money at Call and Short Notice** | | |
| I. **In India** | | |
| **Balances with Banks** | | |
| i) In current accounts | 13,217 | 652 |
| ii) in other deposit accounts | - | - |
| **Money at call and short notice** | | |
| i) With Banks | - | - |
| ii) With other institutions | 289,808 | - |
| **Total (I)** | **303,025** | **652** |
| II. **Outside India** | | |
| i) In current accounts | - | - |
| ii) In other deposit accounts | - | - |
| iii) Money at call and short notice | - | - |
| **Total (II)** | - | - |
| **Total (I+II)** | **303,025** | **652** |
| **Schedule 8- Investments** | | |
| I. **Investment in India** | | |
| i) Government Securities | 1,576,563 | 2,251,238 |
| ii) Other approved securities | - | - |
| iii) Shares | - | - |
| iv) Debentures and Bonds | - | - |
| v) Subsidiaries and/or Joint Venture | - | - |
| vi) Others (Mutual Funds) | - | - |
| **Total (I)** | **1,576,563** | **2,251,238** |
| II. **Investment outside India** | | |
| i) Government Securities (including local authorities) | - | - |
| ii) Subsidiaries and/or joint ventures abroad | - | - |
| iii) Other Investments | - | - |
| **Total (II)** | | |
| **Total ( I+II)** | **1,576,563** | **2,251,238** |
| **Schedule 9- Advances** | | |
| A. i) Bills purchased and discounted | - | - |
| ii) Cash credit , overdraft and loans repayable on demand | - | - |
| iii) Term loans | - | - |
| Total (A) | - | - |
| B. i) Secured by tangible assets | - | - |
| ii) Covered by banks/ Government guarantees | - | - |
| iii) Unsecured | - | - |
| **Total (B)** | - | - |
| **C.I. Advances in India** | | |
| i) Priority sector | - | - |
| ii) Public sector | - | - |
| iii) Banks | - | - |
| Iv) Others | - | - |
| **Total (C.I.)** | - | - |
| **C.II. Advances Outside India** | | |
| (i) Due from banks | - | - |
| (ii) Due from others | | |
| (a) Bills purchased and discounted | - | - |
| (b) Syndicated loans | - | - |
| (c) Others | - | - |
| **Total (C.II.)** | - | - |
| **Total (C.I. & C.II)** | - | - |
| **Total ( A+B+C)** | - | - |

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**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

*Rs in 000s*

| | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|
| **Schedule 10- Fixed Assets** | | |
| **Other Fixed Assets** | | |
| **Gross Block** | | |
| At cost on 31st March of the preceding year | 3,347 | 2,627 |
| Additions during the year | 810 | 720 |
| Deductions during the year | - | - |
| **Depreciation** | | |
| As on 31st March of the preceding year | 343 | 21 |
| Charge for the year | 568 | 322 |
| On deductions during the year | - | - |
| **Net block** | **3,246** | **3,004** |
| Capital Work in Progress | - | 493 |
| **Total** | **-** | **493** |
| **Intangible assets under development** | | |
| **Opening Balance** | 319,677 | 148,126 |
| I. Employee Benefit Expenses | 102,737 | 95,492 |
| II. Other Expenses | 76,813 | 76,059 |
| **Total** | **499,227** | **319,677** |
| **Total Fixed Assets** | **502,473** | **323,174** |

As the resources of the Bank were engaged in development of the Payments Bank System / Payment Bank technology Platform, Payments bank user manual, RBI Compliance system, integration of different applications with Core Banking Solutions (CBS) ( the "Banking project"), the expenditure, which has been incurred in relation to the development of the said Banking project w.e.f. 1 April 2017, has been accounted for as "Intangible assets under development".

| | | | | |
|---|---|---|---|---|
| **Schedule 11- Other Assets** | | | | |
| I. Inter-office adjustment (net) | | - | | - |
| II. Interest accrued | | 30,654 | | 45,589 |
| III. Tax paid in advance/tax deducted at source | | 556 | | 877 |
| IV. Stationery and Stamps | | - | | - |
| V. Non-banking assets acquired in satisfaction of claims | | - | | - |
| VI. Others | | 56,334 | | 60,025 |
| **Total** | | **87,544** | | **106,491** |
| **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 | | 18,619 | | 17,045 |
| **Total** | | **18,619** | | **17,045** |

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

*Rs in 000s*

| | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| **Schedule 13- Interest earned** | | |
| I. Interest/discount on advance/bills | - | - |
| II. Income on investments | 139,042 | 145,543 |
| III. Interest on balances with Reserve Bank of India and other inter-bank funds | - | - |
| IV. Others | 5,910 | 4,314 |
| **Total** | **144,952** | **149,857** |
| **Schedule 14- Other income** | | |
| I. Commission, exchange and brokerage | - | - |
| II. Profit /(Loss) on sale of investments (Net) | 48,961 | 1,999 |
| III. Profit/ (Loss) on revaluation of investments (Net) | - | - |
| IV. Profit/ (Loss) on sale of land, buildings and other assets (Net) | - | - |
| V. Profit/ (Loss) on exchange/derivative transactions (Net) | - | - |
| VI. Income earned by way of dividends from subsidiaries/associates and/or joint ventures abroad/in India | - | - |
| VII. Miscellaneous Income | 21 | 3 |
| **Total** | **48,982** | **2,002** |
| **Schedule 15- Interest Expended** | | |
| I. Interest on Deposits | 222 | 8 |
| II. Interest on Reserve Bank of India/ interbank borrowing | - | 2 |
| III. Other Interest | 9,006 | 5,653 |
| **Total** | **9,228** | **5,663** |
| **Schedule 16- Operating Expenses** | | |
| I. Payments to and provisions for employees | 122,046 | 98,490 |
| II. Rent, taxes and lighting | 16,525 | 15,622 |
| III. Printing and stationery | 1 | - |
| IV. Advertisement and publicity | 575 | 266 |
| V.Depreciation on bank's property | 568 | 322 |
| VI. Directors' fees/remuneration, allowances and expenses | 8,284 | 7,630 |
| VII. Auditors' fees and expenses | 2,294 | 2,055 |
| VIII. Law charges | - | 484 |
| IX. Postages, telegrams, telephones, etc. | - | - |
| X. Repairs and maintenance | - | - |
| XI. Insurance | 1,913 | 1,456 |
| XII. Other expenditure * | 27,464 | 30,967 |
| **Total** | **179,670** | **157,292** |

* Other expenditure primarily includes professional fees of Rs 16,606 thousands (Previous year Rs 14,921 thousands) and Technology Expenses of Rs 4,456 thousands (Previous year Rs 189 thousands).

**JIO PAYMENTS BANK LIMITED**

**Schedule 17- Significant Accounting Policies appended to and forming part of financial statements for the year ended 31st March, 2020**

## A BACKGROUND

Jio Payments Bank Limited ('JPBL' or 'the Bank'), incorporated in Mumbai, India, is a Public Limited banking company engaged in providing a range of Payments banking and financial services including retail banking as per RBI's guidelines on Payment Bank.

The Bank is Testing its platform by providing its services on pilot basis to selected customers; before commencement of commercial operation.

The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. The Bank does not have any overseas branch. The financial accounting systems of the Bank are centralized and, therefore accounting returns are not required to be submitted by branches of the Bank.

## B BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting in accordance with the requirements under section 29 and third schedule of Banking Regulation Act, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'),statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, in so far as they apply to banks and current practices prevailing within the banking industry in India.

## C USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumption considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the 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. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

All values are rounded to the nearest thousands (000's), except when otherwise indicated.

## D SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1 Investments

**Classification:**

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM') categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

Purchase and sale transactions in securities are recorded under 'Settlement Date' of accounting.

**Basis of classification:**

Investments that are held 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 either of the above categories are classified under AFS category.

**Acquisition cost:**

Brokerage, commission and broken period interest on debt instruments and government securities paid at the time of acquisition are recognised in the Profit and Loss Account and are not included in the cost of acquisition.

**Disposal of investments:**

Profit / loss on sale of investments under the aforesaid three categories is recognised in the Profit and loss account. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes are transferred to statutory reserve which is appropriated from Profit and Loss account in accordance with the RBI Guidelines.

**Valuation:**

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

The valuation of other Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA')/Financial Benchmark India Private Limited ('FIBIL'), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/ FIBIL.

The valuation of other unquoted fixed income securities (viz. State Government securities and other approved securities) is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA.

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

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

**Depreciation**

Net depreciation in the value, if any, compared to the acquisition cost, in any of the six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in subsidiaries / joint ventures is provided for.

Non-performing investments are identified and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

**Repo and reverse repo transactions:**

In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as "borrowing" and "Money at call and short Notice" transactions respectively.

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

**2 Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation as adjusted for impairment, if any. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Depreciation is charged on straight-line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

Gains and losses arising from retirement or disposal of the tangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in statement of profit and loss on the date of retirement or disposal.

**2.1 Intangible Assets Under Development**

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as project development expenditure and disclosed under Intangible Assets Under Development.

**3 Impairment of Assets**

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount. the recoverable amount of an asset is the greater of its value in use and its net selling price.

**4 Revenue recognition**

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

Interest income is recognised in the Profit and Loss Account on an accrual basis.
Other fees and commission income are recognised when due, except in cases where the Bank is uncertain of ultimate collection.
Profit /(Loss) on sale of investments is recognised in the Profit and Loss Account in accordance with RBI Guidelines.

**5 Transactions involving Foreign Exchange**

Foreign currency income and expenditure items of domestic operations are translated at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by the Foreign Exchange Dealers' Association of India ('FEDAI'). The resulting profits or losses are recognized in the profit and loss account.

**6 Employee benefits**

**Short term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period when employee renders service. These benefits include performance incentive and compensated absences.

**Post -employment benefits**

**Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the Bank pays specified contributions. The Bank makes specified monthly contributions towards Provident Fund and Pension Scheme. The Bank's contribution is recognised as an expense during the period in which the employee renders the related service.

**Defined Benefit Plans**

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

The defined gratuity benefit plans are valued by an independent actuary as at the Balance Sheet date using the projected unit credit method as per the requirement of AS-15, Employee Benefits, to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. All expenses along with actuarial gain or loss is recognised in the Profit and Loss Account.

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**7 Lease accounting**

Lease payments including cost escalation for assets taken on operating lease are recognised in the Profit and Loss Account over the lease term on a straight-line basis.

Initial direct cost, as incurred, has been recognised in the Profit and Loss Account.

**8 Income tax**

Income tax expense comprises current tax provision (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carried forward, if any. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates as at the Balance Sheet date.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case of unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

The Taxation Laws(Amendment) Ordinance 2009 has inserted section 115BAA in the income Tax Act 1961 providing existing domestic companies with an option to pay tax at concessional rate of 22% plus applicable surcharge & cess. The reduced tax rates come with the consequential surrender of specified deductions & incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income tax Act 1961 for assessment year (AY) 20-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. These financial results are prepared on the basis that the Bank would avail the option to pay income tax at the lower rate.

**9 Earnings/ (loss) per share**

The Bank reports basic and diluted earnings/ (loss) per equity share in accordance with AS-20, Earnings per Share. Basic earnings/ (loss) per equity share has been computed by dividing net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and the dilutive potential equity shares outstanding during the period except where the results are anti-dilutive.

**10 Share issue expenses**

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

**11 Segment information**

The disclosure relating to segment information is in accordance with Accounting Standard-17, Segment Reporting and as per guidelines issued by RBI.

**12 Accounting for provisions, contingent liabilities and contingent assets**

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an 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.

Provisions are determined based on management estimate required to settle the obligation at the Balance Sheet date, supplemented by experience of similar transactions. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

**Onerous Contracts**

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Bank from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Bank recognises any impairment loss on the assets associated with that contract.

A disclosure of contingent liability is made when there is:

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

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**13 Cash and cash equivalents**

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

**14 Corporate social responsibility**

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognised in the Statement of Profit and Loss.

**15 Fraud Provisioning**

As per the RBI guidelines, in case of frauds due to the Bank or for which the Bank is liable, provision needs to be immediately recognised in Profit and Loss Account.

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

**Schedule 18- Notes to Accounts**
Disclosures as laid down by Reserve Bank of India (RBI) circulars.

**18.1 Capital Adequacy**

The Bank's capital to risk-weighted asset ratio (Capital Adequacy Ratio) is calculated in accordance with the RBI's Guidelines on Basel II Capital Regulations (Basel II).

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel II framework.

| S No. | Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|
| i) | Common Equity Tier I Capital Ratio (%) | 3604% | 3196% |
| ii) | Tier 1 Capital Ratio (%) | 3604% | 3196% |
| iii) | Tier 2 Capital Ratio (%) | 0% | 0% |
| iv) | Total Capital Ratio (CRAR) (%) | 3604% | 3196% |
| v) | Percentage of the shareholding of the Government of India in the Bank | 0% | 0% |
| vi) | Amount raised by issue of Equity Shares (Rs in 000's) | - | 1,000,000 |
| vii) | Amount of additional Tier I Capital raised; of which<br>Perpetual Non-Cumulative Preference Shares (PNCPS) : | Nil | Nil |
| | Perpetual Debt Instruments (PDI) : | Nil | Nil |
| viii) | Amount of Tier II Capital raised; of which<br>Debt Capital Instrument :<br>Preference Share Capital Instrument: [Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares (RCPS)]<br>Amount raised by issue of IPDI | Nil | Nil |

**18.2 Investments**

**a. The following table sets forth, for the periods indicated, the details of investments and the movement of provision held towards depreciation on investments of the Bank.**

*Rs in 000s*

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| 1. Value of Investments | | |
| i) Gross Value of Investments | | |
| a) In India | 1,576,563 | 2,251,238 |
| b) Outside India | - | - |
| ii) Provision for Depreciation | | |
| a) In India | - | - |
| b) Outside India | - | - |
| iii) Net Value of Investments | | |
| a) In India | 1,576,563 | 2,251,238 |
| b) Outside India | - | - |
| 2. Movement of provisions held towards depreciation on investments. | | |
| i) Opening Balance | - | - |
| ii) Add : Provisions made during the year | - | - |
| iii) Less : Write off/ write-back of excess provisions during the year | - | - |
| iv) Closing Balance | - | - |

**b. Repo Transactions (in book value terms)**

The following tables set forth, for the year indicated, the details of securities sold and purchased under repo and reverse repo transactions respectively including transactions under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) done during the year ended 31st March, 2020.

*Rs in 000s*

| Particulars | Minimum Outstanding during the year* | Maximum Outstanding during the year | Daily average Outstanding during the year* | Outstanding as on 31st March, 2020 |
|---|---|---|---|---|
| Securities sold under Repo | | | | |
| i) Government Securities | - | 50,119 | 548 | - |
| ii) Corporate Debt Securities | - | - | - | - |
| Securities purchased under Reverse Repo | | | | |
| i) Government Securities | - | 789,797 | 83,461 | - |
| ii) Corporate Debt Securities | - | - | - | - |

* while calculating the "Minimum Outstanding during the year" and "Daily average Outstanding during the year" nil balance days have been considered.

For the year ended 31st March, 2019

*Rs in 000s*

| Particulars | Minimum Outstanding during the year* | Maximum Outstanding during the year | Daily average Outstanding during the year* | Outstanding as on Year |
|---|---|---|---|---|
| Securities sold under Repo | | | | |
| i) Government Securities | - | 380,373 | 42,281 | - |
| ii) Corporate Debt Securities | - | - | - | - |
| Securities purchased under Reverse Repo | | | | |
| i) Government Securities | - | 699,910 | 32,281 | - |
| ii) Corporate Debt Securities | - | - | - | - |

**c. Non SLR Investment Portfolio**

**i) Issuer Composition of Non SLR Investments**

The following table sets forth, the issuer composition of investments of the Bank in securities, other than Government and other approved securities at 31st March, 2020.

*Rs in 000s*

| No. | Issuer | Amount | Extent of Private Placement | Extent of 'Below Investment Grade' Securities | Extent of 'Unrated' Securities | Extent of 'Unlisted' Securities |
|---|---|---|---|---|---|---|
| i) | PSUs | - | - | - | - | - |
| ii) | FIs | - | - | - | - | - |
| iii) | Banks | - | - | - | - | - |
| iv) | Private Corporates | - | - | - | - | - |
| v) | Subsidiaries/Joint Ventures | - | - | - | - | - |
| vi) | Others | - | - | - | - | - |
| vii) | Total (I to vi) | - | - | - | - | - |
| viii) | Less: Provision held towards depreciation | - | - | - | - | - |
| | Total (vii-viii) | - | - | - | - | - |

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

As on 31st March, 2019 *Rs in 000s*

| No. | Issuer | Amount | Extent of Private Placement | Extent of 'Below Investment Grade' Securities | Extent of 'Unrated' Securities | Extent of 'Unlisted' Securities |
|---|---|---|---|---|---|---|
| i) | PSUs | - | - | - | - | - |
| ii) | FIs | - | - | - | - | - |
| iii) | Banks | - | - | - | - | - |
| iv) | Private Corporates | - | - | - | - | - |
| v) | Subsidiaries/Joint Ventures | - | - | - | - | - |
| vi) | Others | - | - | - | - | - |
| vii) | Total (I to vi) | - | - | - | - | - |
| viii) | Less: Provision held towards depreciation | - | - | - | - | - |
| | Total (vii-viii) | - | - | - | - | - |

**ii) Non performing Non SLR Investments**

The following table sets forth, for the year indicated, the movement in gross non-performing Investments in securities, other than government and other approved securities

*Rs in 000s*

| Particulars | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Opening Balance | - | - |
| Additions during the year | - | - |
| Reductions during the year | - | - |
| Closing Balance | - | - |
| Total Provisions held | - | - |

**d. Categorisation of Investments**

In accordance with Reserve Bank of India guidelines investment portfolio has been categorised as under :

*Rs in 000s*

| Security | 31st March, 2020 | | | |
|---|---|---|---|---|
| | HTM | HFT | AFS | Total |
| Government Securities | - | - | 1,576,563 | 1,576,563 |
| Other Approved Securities | - | - | - | - |
| Shares | - | - | - | - |
| Debentures/ Bonds | - | - | - | - |
| Others (Mutual Funds etc) | - | - | - | - |
| **Total** | **-** | **-** | **1,576,563** | **1,576,563** |

*Rs in 000s*

| Security | 31st March, 2019 | | | |
|---|---|---|---|---|
| | HTM | HFT | AFS | Total |
| Government Securities | - | - | 2,251,238 | 2,251,238 |
| Other Approved Securities | - | - | - | - |
| Shares | - | - | - | - |
| Debentures/ Bonds | - | - | - | - |
| Others (Mutual Funds etc) | - | - | - | - |
| **Total** | **-** | **-** | **2,251,238** | **2,251,238** |

**i) Provision for Depreciation on Investments :**

Provision for Depreciation on investments under 'Available for Sale' and 'Held for Trading' categories as on 31st March, 2020 is Rs Nil (Previous Year - Nil).

ii) Sales and transfers of securities to/from Held to Maturity (HTM) category - Nil

**18.3 Business Ratios**

| S No. | Particulars | As on/ for the year ended 31st March, 2020 | As on/ for the year ended 31st March, 2019 |
|---|---|---|---|
| i) | Interest Income as a percentage to Working Funds | 5.56% | 7.66% |
| ii) | Non - interest Income as a percentage to Working Funds | 1.88% | 0.10% |
| iii) | Operating Profit/ (Loss) as a percentage to Working Funds | 0.19% | -0.57% |
| iv) | Return on Assets | 0.19% | -0.57% |
| v) | Business (Deposits plus advances) per employee (Rs in 000's) | 2,340 | 3,739 |
| vi) | Profit/ (Loss) per employee (Rs in 000's) | 57 | (226) |

a. For the purpose of computing Operating Profit/ (Loss) as a percentage to Working Funds, working funds represent the annual average of total assets.

b. For the purpose of computing Return on Assets, working funds represent average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

c. Productivity ratios are based on the number of employees and Deposit Balance as at the end of the financial year.

d. While calculating Operating Profit/ (Loss) as a percentage to Working Funds, numerator considered is the profit/ (loss) for the year and denominator is Working Funds calculated as per point no. a) above.

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

**18.4 Asset Liability Management**

**Maturity pattern of certain items of assets and liabilities**

The following table sets forth, the maturity pattern of assets and liabilities of the Bank as on 31st March, 2020

**As at 31st March, 2020**

*Rs in 000s*

| Maturity Pattern | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days - 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 4,796 | 12,810 | 4,796 | - | - | - | - | 185,839 | - | - | 208,241 |
| Loans and Advances | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 1,512,956 | - | - | 6,844 | - | - | - | 56,763 | - | - | 1,576,563 |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - | 3,782 | 3,782 |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - | 3,782 | 3,782 |

**As at 31st March, 2019**

*Rs in 000s*

| Maturity Pattern | Day 1 | 2-7 days | 8-14 days | 15-28 days | 29 days - 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Deposits | 3,805 | 11,062 | 3,805 | - | - | - | - | 164,518 | - | - | 183,190 |
| Loans and | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 2,198,407 | - | - | 5,283 | - | - | - | 47,548 | - | - | 2,251,238 |
| Borrowings | - | 248,346 | - | - | - | - | - | - | - | - | 248,346 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - | - | - |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - | - | - |

Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI which has been relied upon by the auditors.

**18.5 Exposures**

The Bank has not entered into any transactions related to capital market and real estate market during the year 2019-20 and 2018-19.

**18.6 Additional Disclosures :**

**a. Concentration of Deposits**

*Rs in 000s*

| **Particulars** | **As on 31st March, 2020** | **31st March, 2019** |
|---|---|---|
| Total Deposits of twenty largest depositors | 2,001 | 1,183 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank | 0.96% | 0.65% |

**b. Transfer to Depositors Education and Awareness Fund (DEAF)**

*Rs in 000s*

| **Particulars** | **As on 31st March, 2020** | **31st March, 2019** |
|---|---|---|
| Opening Balance of amounts transferred to DEAF | - | - |
| Add : Amount transferred to DEAF during the year | - | - |
| Less : Amount reimbursed by DEAF towards claims during the year | - | - |
| Closing Balance of amounts transferred to DEAF | - | - |

**c. Liquidity Coverage Ratio**

Guidelines on Liquidity Coverage Ratio (LCR) are not applicable to Payments Bank and hence LCR Ratio has not been disclosed here.

**18.7 Disclosure of Penalties imposed by RBI under Banking Regulation Act, 1949 :**

During the current year no penalty has been imposed by the Reserve Bank of India (RBI) on the Bank . During previous year penalty of Rs 77 was imposed by the Reserve Bank of India (RBI) on the Bank for Breach of CRR maintenance .

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**18.8 Fixed Assets**

*Rs in 000s*

| Other Fixed Asset | 31st March, 2020 | 31st March, 2019 |
|---|---|---|
| Gross Block at the beginning of the year | 3,347 | 2,627 |
| Additions during the year | 810 | 720 |
| Deductions during the year | - | - |
| Depreciation to date | 911 | 343 |
| **Net Block** | 3,246 | 3,004 |

**18.9 Accounting Standard AS 15 - Employee Benefits :**

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expenses for the year is as under:

*Rs in 000s*

| Particulars | For the year ended | |
|---|---|---|
| | 31st March, 2020 | 31st March, 2019 |
| Employer`s Contribution to Provident Fund (PF) | 3,835 | 2,881 |
| Employer`s Contribution to Pension Scheme under PF Act | 686 | 437 |
| Employer`s Contribution to National Pension Scheme | 751 | 39 |

Contribution to Defined Contribution Plans, recognised under Intangible Assets Under Development for the year is as under:

*Rs in 000s*

| Particulars | For the year ended | |
|---|---|---|
| | 31st March, 2020 | 31st March, 2019 |
| Employer`s Contribution to Provident Fund (PF) | 3,346 | 3,049 |
| Employer`s Contribution to Pension Scheme under PF Act | 224 | 203 |
| Employer`s Contribution to National Pension Scheme | 439 | 329 |

**Defined Benefit Plan**

**I) Reconciliation of opening and closing balances of Defined Benefit Obligation**

*Rs in 000s*

| Particulars | Gratuity (Unfunded) | | Leave Encashment | |
|---|---|---|---|---|
| | As on | | | |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Defined Benefit obligation at beginning of year | 5,513 | 2,555 | 4,078 | 2,261 |
| Current Service Cost | 2,315 | 1,930 | 2,689 | 1,927 |
| Interest Cost | 442 | 204 | - | - |
| Actuarial (gain) / loss | 370 | 824 | - | - |
| Benefits paid | (447) | - | (1,291) | (110) |
| **Defined Benefit obligation at year end** | **8,193** | **5,513** | **5,476** | **4,078** |

**II) Reconciliation of fair value of assets and obligations**

| Particulars | Gratuity (Unfunded) | | Leave Encashment | |
|---|---|---|---|---|
| | As on | | | |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| Present Value of Obligation | 8,193 | 5,513 | 5,476 | 4,078 |
| Amount recognised in Balance sheet | **8,193** | **5,513** | **5,476** | **4,078** |

**III) Expenses recognised during the period**

| Particulars | Gratuity (Unfunded) | | Leave Encashment | |
|---|---|---|---|---|
| | For the year ended | | | |
| | 31st March, 2020 | 31st March, 2019 | 31st March, 2020 | 31st March, 2019 |
| **In Income Statement** | | | | |
| Current Service Cost | 1,265 | 988 | 1,470 | 986 |
| Interest Cost | 242 | 104 | - | - |
| Actuarial (gain) / loss | 202 | 421 | - | - |
| Net Cost recognised under Profit and Loss Statement | **1,709** | **1,513** | **1,470** | **986** |
| **Under Intangible Assets Under Development(IAUD)** | | | | |
| Current Service Cost | 1,050 | 942 | 1,219 | 941 |
| Interest Cost | 200 | 100 | - | - |
| Actuarial (gain) / loss | 168 | 403 | - | - |
| Net Cost recognised under IAUD | **1,418** | **1,445** | **1,219** | **941** |
| **Total Net Cost** | **3,127** | **2,958** | **2,689** | **1,927** |

**IV) Actuarial assumptions**

| | Gratuity (Unfunded) | | Leave Encashment | |
|---|---|---|---|---|
| Mortality Table (LIC) | 2012-14 | 2006-08 | 2012-14 | 2006-08 |
| Discount Rate | 6.84% | 8.00% | 6.84% | 8.00% |
| Rate of escalation in salary | 6.00% | 6.00% | 6.00% | 6.00% |
| Average remaining working life (years) | 25.90 | 21.04 | 25.90 | 21.04 |
| Rate of employee turnover | 2.00% | 2.00% | 2.00% | 2.00% |

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The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary and has been relied upon by the auditors.

V) The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2019-20.

**18.10 Accounting Standard 17 - Segment Reporting**

**Business Segment**

The business of the Bank has been classified into two Segments i.e.

i Treasury Operations - Treasury operations consist of dealing in securities and Money market operations.

ii Retail Banking - Includes all other banking operations not covered under Treasury.

Other unallocable - comprises of non banking items which are not allocable in the aforementioned segments.

**Geographical Segment**

The business of the Bank is concentrated in India. Accordingly, geographical segment results have not been reported.

*Rs in 000s*

| Segment Report for the year ended 31st March, 2020 | | | |
|---|---|---|---|
| **Particulars** | **Treasury Operations** | **Retail Banking** | **Total** |
| Segment Revenue | 193,805 | - | 193,805 |
| Unallocated Revenue | | | 129 |
| Segment Result | 154,491 | (72,078) | 82,413 |
| Unallocated Corporate Expense | | | 77,377 |
| Operating Profit/ (Loss) | | | 5,036 |
| Income Tax Expense | | | - |
| **Net Profit** | | | 5,036 |

| **Particulars** | **Treasury Operations** | **Retail Banking** | **Total** |
|---|---|---|---|
| Segment Assets | 1,959,613 | 518,050 | 2,477,663 |
| Unallocated Corporate Assets | | | 34,088 |
| Income Tax Assets | | | 556 |
| Total Assets | 1,959,613 | 518,050 | 2,512,307 |
| Segment Liabilities | 8,678 | 328,247 | 336,925 |
| Unallocated Corporate Liabilities | | | 23,002 |
| Income Tax Liabilities | - | - | - |
| Total Liabilities | 8,678 | 328,247 | 359,927 |
| Capital Expenditures | - | 180,360 | 180,360 |
| Depreciation and Amortization | - | 568 | 568 |
| Other non-cash expenses | - | - | - |

| Segment Report for the year ended 31st March, 2019 | | | |
|---|---|---|---|
| **Particulars** | **Treasury Operations** | **Retail Banking** | **Total** |
| Segment Revenue | 151,856 | - | 151,856 |
| Unallocated Revenue | | | 3 |
| Segment Result | 116,102 | (64,090) | 52,012 |
| Unallocated Corporate Expense | | | 63,108 |
| Operating Loss | | | (11,096) |
| Income Tax Expense | | | - |
| **Net Profit** | | | (11,096) |

| **Particulars** | **Treasury Operations** | **Retail Banking** | **Total** |
|---|---|---|---|
| Segment Assets | 2,325,348 | 349,918 | 2,675,266 |
| Unallocated Corporate Assets | | | 26,678 |
| Income Tax Assets | | | 877 |
| Total Assets | 2,325,348 | 349,918 | 2,702,821 |
| Segment Liabilities | 258,726 | 285,249 | 543,975 |
| Unallocated Corporate Liabilities | | | 11,502 |
| Income Tax Liabilities | - | - | - |
| Total Liabilities | 258,726 | 285,249 | 555,477 |
| Capital Expenditures | - | 172,725 | 172,725 |
| Depreciation and Amortization | - | 322 | 322 |
| Other non-cash expenses | - | - | - |

**18.11 Earnings Per Share (EPS)**

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

| S No | Particulars | For the year ended | |
|---|---|---|---|
| | | 31st March, 2020 | 31st March, 2019 |
| i | Profit/ (Loss) attributable to Equity Shareholders (Rs In 000's) and Earnings used in calculation of Basic and Diluted Earnings per share | 5,036 | (11,096) |
| ii | Weighed Average number of equity shares outstanding during the year | 232,000,000 | 224,876,712 |
| iii | Basic and Diluted earnings per share ( Rs) | 0.02 | (0.05) |
| iv | Face Value per equity share ( Rs) | 10 | 10 |

**18.12 Disclosure of provisions and contingencies**

*Rs in 000s*

| S No | Particulars | For the year ended | |
|---|---|---|---|
| | | 31st March, 2020 | 31st March, 2019 |
| i | Provisions for depreciation on investment | - | - |
| ii | Provision towards Non Performing Assets | - | - |
| iii | Provision for taxation | - | - |
| iv | Other provision and contingencies | - | - |

**18.13 Disclosure of complaints and Awards passed by the Banking Ombudsman**

| S No. | Particulars | As on | As on |
|---|---|---|---|
| | | 31st March, 2020 | 31st March, 2019 |
| i) | Customer Complaints | | |
| a) | Number of Complaints Pending at the Beginning of the Year | 18 | - |
| b) | No. of complaints received during the year | 1,254 | 444 |
| c) | No. of complaints redressed during the year | 1,272 | 426 |
| d) | Number of Complaints Pending at the End of the Year | - | 18 |
| ii) | Awards passed by the Banking Ombudsman | | |
| a) | Number of Unimplemented Awards at the Beginning of the Year | - | - |
| b) | Number of awards passed by the banking ombudsman during the year | - | - |
| c) | Number of awards implemented during the year | - | - |
| d) | Number of Unimplemented Awards at the end of the Year | - | - |

**18.14 Drawdown from Reserves**

The Bank has not drawn down any amount from reserves during the year ended 31st March, 2020 and also during the year ended 31st March, 2019.

**Appropriation to Reserves**

**Statutory Reserve**

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. In view of this the Bank has made an appropriation of Rs 1,259 thousands (Previous Year Nil) out of profits for the year ended March 31, 2020 to the Statutory Reserve.

**18.15 Disclosures on Remuneration**

**Qualitative disclosures**

**a) Information relating to the composition and mandate of the Remuneration Committee.**

The Nomination and Remuneration Committee (NRC) of the Board of Directors of the Bank comprises a majority of independent directors. Ms. Manisha Girotra (Chairperson), Dr. Vivek Bhandari, Shri Alok Agarwal and Shri Ketan Dalal are members of the NRC. During the year Ms. Manju Agarwal ceased to be a Director of the Bank and consequently also as a member of the NRC w.e.f. 01/01/2020. Further, Shri Swaminathan Janakiraman was appointed as a Director to replace Ms. Manju Agarwal as SBI's nominee and was inducted into the NRC w.e.f. 10/01/2020. Shri Swaminathan Janakiraman ceased to be a Director and consequently, also as a member of the NRC w.e.f. 19/03/2020.

The NRC inter alia identifies persons who are qualified to become Directors and who may be appointed in senior management, carries out evaluation of every Director's performance, recommends/reviews remuneration of the Managing Director(s) and / or Whole-time Director(s) based on their performance and defined assessment criteria; oversees development and implementation of the overall remuneration policies and HR policies of the Bank, ensures compliance with RBI guidelines for appointment and compensation of directors and executive management as applicable and examines the 'Fit & Proper' criteria for the directors and prospective directors for the Board.

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

To lay down the criteria and terms and conditions about appointment of Directors (executive and non-executive including Independent Directors), KMP and senior management.

To attract, motivate, and retain talented employees with a view to ensure long term sustainability of business and create competitive talent value proposition for the organization.

To determine remuneration of Directors, KMPs, MRTs and other senior management personnel's keeping in view all relevant factors including industry trends and comparator practices.

To create a high-performance culture wherein Senior Management, MRTs and KMP Total Rewards are directly linked to the individual performance measure and achievement of the Bank's targets.

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The remuneration process is aligned to the Bank's Compensation Policy objectives

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

To manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, a significant portion of senior and middle management compensation is variable.

Further, remuneration policy provides for 'malus' and 'clawback' option to take care of any code of conduct related issue or potential drop in performance of individual/ business/ Bank in future.

**d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.**

Individual performance is assessed against the Key Result Areas (KRAs) determined for each Individual while the Bank (Jio Payments Bank Limited) performance is assessed against the AOP for the year.

The Total Cost to Bank (TCTB) for all employees is a mix of fixed pay and variable pay (Performance Linked Incentive or PLI in short). PLI, which is as a percent of the TCTB is a function of the nature of job and the seniority of the role.

PLI pay-out is calculated as a percent of the target variable pay basis individual performance and Bank performance.

**e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

Any employee whose PLI is over and above 40% of their Fixed is substantial. As such in such cases, 60% of total PLI shall be subject to deferment over a period of 3 years, implying that employee will receive 60% of eligible deferred pay in 3 equal instalments starting from the end of next review cycle. This is to ensure there is adequate risk adjustment in the variable pay mix.

The employee shall be eligible for vested variable pay only, implying unvested pay shall expire once employee leaves the organization or otherwise terminated.

The employee shall be eligible for vested variable pay only, implying unvested pay shall expire once employee leaves the organization or otherwise terminated.

**For adjusting deferred remuneration before &. after vesting :**

Such deferred pay shall be subject to Malus or Clawback as MD/ CEO and NRC deem fit and shall be agreed with the employee at the time of assignment of such variable pay.

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

The main forms of such variable remuneration include:

Cash – which is paid annually

Deferred Cash - Deferred Incentive Plan.

The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality and longevity of the assignments performed.

**g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.**

During FY 2019-20, the NRC met thrice.

Each of the Members of the Committee is paid Rs. 1 lac as sitting fees for attending the meetings of the Committee (except for Shri Alok Agarwal who has waived his right to receive sitting fees). Sitting fee amounting to Rs 10 lacs was paid to NRC Committee member for the meeting held during the year

**Quantitative Disclosures**

**The quantitative disclosures cover the Bank's Whole Time Directors and CEO.**

| | | | |
|---|---|---|---|
| **h)** | i | Number of employees having received a variable remuneration award during the financial year. | Nil |
| | ii | Number and total amount of sign on awards made during the financial year. | Nil |
| | iii | Details of guaranteed bonus, if any, paid as joining / sign on bonus | Nil |
| | iv | Details of severance pay, in addition to accrued benefits, if any. | Nil |

| | | | |
|---|---|---|---|
| **i)** | i | Total amount of outstanding deferred remuneration, split into cash, shares and | Nil |
| | ii | Total amount of deferred remuneration paid out in the financial year. | Nil |

**j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.**

| | | |
|---|---|---|
| i | Total amount of outstanding deferred remuneration and retained remuneration exposed to ex | Not Applicable |
| ii | Total amount of reductions during the financial year due to ex post explicit adjustments. | Not Applicable |
| iii | Total amount of reductions during the financial year due to ex post implicit adjustments. | Not Applicable |

**18.16** Related Party Disclosures as on and for the year ended 31st March 2020

(i) As per AS 18, the disclosures of transactions with the related parties are given below:

List of related parties where control exists and related parties with whom transactions have taken place and relationships:

| S.No. | Name of the Related Party | Relationship |
|---|---|---|
| 1 | Reliance Industries Limited | Controlling Entity/ Parent |
| 2 | State Bank of India | Controlling Entity/ Joint Venturer |
| 3 | Reliance Payment Solutions Limited | Fellow Subsidiary |
| 4 | Reliance Jio Infocomm Limited | Fellow Subsidiary |
| 5 | Reliance Corporate IT Park Limited | Fellow Subsidiary |
| 6 | Jio Platforms Limited | Fellow Subsidiary (w.e.f 15th November, 2019) |
| 7 | Reliance Digital Platform and Project Services Limited | Fellow Subsidiary (w.e.f 1st September, 2019) |
| 8 | Reliance Retail Limited | Fellow Subsidiary |
| 9 | Rajinder Mirakhur | Deputy Chief Executive Officer (till 28th June, 2019) |
| 10 | Hemant Pammi | Deputy Chief Executive Officer (w.e.f October 10, 2019) |
| 11 | Naresh Yadav | Deputy Chief Executive Officer (w.e.f July 12, 2019 and till October 9, 2019) |
| 12 | R Aditya Subramanyam | Company Secretary |
| 13 | Vivek Venkatesan | Chief Financial Officer (w.e.f 11th January, 2019) |
| 14 | Harish Madnani | Interim Chief Financial Officer (w.e.f 20th July, 2018 till 3rd January, 2019) |
| 15 | H Srikrishnan | Chief Executive Officer (CEO) and Managing Director (MD) |

*Rs in 000s*

| (ii) | Nature of Transactions (Excluding Reimbursements) for the year ended 31st March, 2020 | Controlling Entities/Parent Company/Joint Venturer | Fellow Subsidiary | Key Managerial Personnel | Total |
|---|---|---|---|---|---|
| 1 | Equity Shares issued and allotted | - | - | - | - |
| | | (1,000,000) | - | - | (1,000,000) |
| 2 | Intangible Assets Under Development (IAUD)- Others | 6,568 | 40,337 | - | 46,905 |
| | | (3,796) | (17,974) | | (21,770) |
| 3 | Remuneration to KMP - IAUD | - | - | 28,258 | 28,258 |
| | | - | - | (22,959) | (22,959) |
| 4 | Remuneration to KMP - General Expenses | - | - | 7,047 | 7,047 |
| | | - | - | (7,687) | (7,687) |
| 5 | Interest Expended | - | - | - | - |
| | | (2) | - | - | (2) |
| 6 | Other General Expenses | 2,334 | 149 | - | 2,483 |
| | | (605) | (450) | - | (1,055) |
| 7 | Purchase of Fixed Assets | - | 274 | - | 274 |
| | | - | (207) | - | (207) |
| 8 | Commission Income (disclosed under IAUD) | - | 5,737 | - | 5,737 |
| | | - | (9,317) | - | (9,317) |

**Balances as on 31st March, 2020**

| | | | | | |
|---|---|---|---|---|---|
| 1 | Equity Share Capital | 2,320,000 | - | - | 2,320,000 |
| | | (2,320,000) | - | - | (2,320,000) |
| 2 | Balances with Banks and Money at Call and Short Notice | 4,016 | - | - | 4,016 |
| | | (232) | - | - | (232) |
| 3 | Other Liabilities and Provisions | 1,887 | 66,470 | - | 68,357 |
| | | (4,361) | (45,082) | - | (49,443) |
| 4 | Other Assets | - | 884 | - | 884 |
| | | - | (10,881) | - | (10,881) |

Figures in brackets represent previous year figures.

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

**Disclosure in Respect of Related Party Transactions during the year ended 31st March, 2020**

*Rs in 000s*

| S No | Particulars | Relationship | As on | |
|---|---|---|---|---|
| | | | 31st March, 2020 | 31st March, 2019 |
| 1 | **Equity Shares issued and allotted** | | | |
| i | Reliance Industries Limited | Controlling Entity/Parent Company | - | 700,000 |
| ii | State Bank of India | Controlling Entity/Joint Venturer | - | 300,000 |

**The below expenses/income have either been capitalised/deducted from "Intangible Assets Under Development" or have been expensed.**

| | | | | |
|---|---|---|---|---|
| 1 | **Intangible Assets Under Development - Others** | | | |
| i | Reliance Industries Limited | Controlling Entity/Parent Company | 6,568 | 3,796 |
| ii | Reliance Corporate IT Park Limited | Fellow Subsidiary | 1,096 | 4,640 |
| iii | Reliance Payment Solutions Limited | Fellow Subsidiary | 35,044 | 13,000 |
| iv | Reliance Jio Infocomm Limited | Fellow Subsidiary | 30 | 334 |
| v | Jio Platforms Limited | Fellow Subsidiary | 790 | - |
| vi | Reliance Digital Platform and Project Services Limited | Fellow Subsidiary | 3,377 | - |
| 2 | **Remuneration to KMP - IAUD** | | | |
| i | H Srikrishnan | Chief Executive Officer (CEO) and Managing Director (MD) | 16,394 | 16,678 |
| ii | Vivek Venkatesan | Chief Financial Officer | 11,864 | 3,857 |
| iii | Harish Madnani | Interim Chief Financial Officer | - | 2,424 |
| 3 | **Remuneration to KMP - General Expenses** | | | |
| i | Rajinder Mirakhur | Deputy Chief Executive Officer | 1,325 | 4,812 |
| ii | Hemant Pammi | Deputy Chief Executive Officer | 1,484 | - |
| iii | Naresh Yadav | Deputy Chief Executive Officer | 941 | - |
| iv | R Aditya Subramanyam | Company Secretary | 3,297 | 2,875 |
| 4 | **Interest Expended** | | | |
| i | H Srikrishnan | Chief Executive Officer (CEO) and Managing Director (MD) | * | - |
| ii | Rajinder Mirakhur | Deputy Chief Executive Officer | * | - |
| iii | Naresh Yadav | Deputy Chief Executive Officer | * | - |
| iv | State Bank of India | Deputy Chief Executive Officer | - | 2 |
| 5 | **Other General Expenses** | | | |
| i | Reliance Industries Limited | Controlling Entity/Parent Company | 2,334 | 605 |
| ii | Reliance Jio Infocomm Limited | Fellow Subsidiary | 34 | 347 |
| iii | Reliance Retail Limited | Fellow Subsidiary | 115 | 103 |
| 6 | **Purchase of Fixed Assets** | | | |
| i | Reliance Retail Limited | Fellow Subsidiary | 274 | 207 |
| 7 | **Commission Income (disclosed under IAUD)** | | | |
| i | Reliance Payment Solutions Limited | Fellow Subsidiary | 5,737 | 9,317 |

**JIO PAYMENTS BANK LIMITED**
**Schedules forming part of Financial Statements**

**Balances as on 31st March, 2020**

*Rs in 000s*

| S No | Particulars | Relationship | As on 31st March, 2020 | As on 31st March, 2019 | Maximum Outstanding As on 31st March, 2020 | Maximum Outstanding As on 31st March, 2019 |
|---|---|---|---|---|---|---|
| 1 | **Equity Share Capital** | | | | | |
| i | Reliance Industries Limited | Controlling Entity/Parent Company | 1,624,000 | 1,624,000 | | |
| ii | State Bank of India | Controlling Entity/Joint Venturer | 696,000 | 696,000 | | |
| 2 | **Balances with Banks and Money at Call and Short Notice** | | | | | |
| i | State Bank of India | Controlling Entity/Joint Venturer | 4,016 | 232 | | |
| 3 | **Other Liabilities and Provisions** | | | | | |
| i | Reliance Industries Limited | Controlling Entity/Parent Company | 1,887 | 4,361 | 4,361 | 4,361 |
| ii | Reliance Payment Solutions Limited | Fellow Subsidiary | 64,222 | 41,741 | 109,200 | 41,741 |
| iii | Reliance Jio Infocomm Limited | Fellow Subsidiary | 64 | 677 | 64 | 677 |
| iv | Reliance Corporate IT Park Limited | Fellow Subsidiary | - | 2,449 | 8,983 | 2,449 |
| v | Jio Platforms Limited | Fellow Subsidiary | 790 | - | 790 | - |
| vi | Reliance Digital Platform and Project Services Limited | Fellow Subsidiary | 1,394 | - | 7,918 | - |
| vii | Reliance Retail Limited | Fellow Subsidiary | - | 215 | 282 | 310 |
| 4 | **Other Assets** | | | | | |
| i | Reliance Payment Solutions Limited | Fellow Subsidiary | 884 | 10,881 | 12,603 | 10,881 |

* Represents amount less than Rs. 1000.

**18.17 Fee/Commission earned in respect of Insurance and Other Third Party Products :**

| S No. | Product | 31st March, 2020 | 31st March, 2019 |
|---|---|---|---|
| i | Life Insurance | - | - |
| ii | General Insurance | - | - |
| iii | Mutual Funds | - | - |

**18.18 Leases**

Lease payments recognized in the Profit and Loss Account for the year ended 31st March, 2020 was Rs. 16,491 thousands (Previous year: Rs 15,575 thousands ). And recognised under "Intangible Assets Under Development was Rs.14,048 thousand (Previous year - Rs. 14,964 thousand ).

The Bank has not sub-leased any of its properties taken on lease. There are no provisions relating to contingent rent. The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements. There are generally no undue restrictions or onerous clauses in the agreements.

**18.19 Contingent Liabilities and Commitments**

*Rs in 000s*

| S No. | Particulars | As on 31st March, 2020 | As on 31st March, 2019 |
|---|---|---|---|
| | **Commitments** | | |
| i | Capital Commitments | 16,119 | 14,545 |
| | **Contingent Liabilities** | | |
| ii | Bank Guarantee | 2,500 | 2,500 |

**18.20 Deferred Tax**

Deferred Tax asset is not recognised in the Financial Statements for the timing differences arising on items in the absence of virtual certainty of its realisation as the Bank is testing the technology preparedness for its operations.

*Rs in 000s*

| S No. | Deferred tax liabilities / asset in relation to: | Deferred Tax Asset/ (Liability) | |
|---|---|---|---|
| | | 31st March, 2020 | 31st March, 2019 |
| i | Fixed Assets | (118,014) | (73,698) |
| ii | Current Investments | - | - |
| iii | Provisions | 3,417 | 2,494 |
| iv | Preliminary Expenses | 957 | 1,990 |
| v | Unabsorbed Depreciation and Business Loss | 152,132 | 110,653 |
| | **Total** | **38,492** | **41,439** |

**18.21 Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006**

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of confirmation sort from the suppliers on registration with specified authority under MSMED -

*Rs in 000s*

| Particulars | As on | |
|---|---|---|
| | 31st March, 2020 | 31st March, 2019 |
| Principal amount remaining unpaid to any supplier as at the year end | - | 4 |
| Interest due thereon | - | - |
| Amount of interest paid and payments made to the supplier beyond the appointment day during each accounting year | - | - |
| Amount of interest due and payable for period of delay in making payment but without adding the interest specified under this Act | - | - |
| Amount of interest accrued and remaining unpaid at the year end | - | - |

**18.22 Investor Education and Protection Fund**

There were no amounts which were required to be transferred to the Investor Education and Protection Fund for the year ended 31 March 2020 and 31 March 2019.

**18.23 Provision Pertaining To Fraud Accounts**

There were no fraud reported during the the year ended 31 March 2020 and 31 March 2019.

**18.24** As per the Operating Guidelines for Payments Bank issued by the Reserve Bank of India (RBI) vide its circular no RBI/ 2016-17/80/DBR.NBD.No. 25/16.13.218/2016-17 dated 6th October, 2016, a Payments Bank cannot lend to any person except their own employees. Accordingly, all the disclosures pertaining to advances have not been made.

**18.25** As per the Operating Guidelines for Payments Bank issued by the Reserve Bank of India (RBI) vide its circular no RBI/ 2016-17/80/DBR.NBD.No. 25/16.13.218/2016-17 dated 6th October, 2016, a Payments Bank cannot enter into any derivative instruments for trading/speculative purposes either in Foreign exchange or domestic treasury operations. Accordingly, all the disclosures pertaining to derivatives have not been made.

**18.26** The Bank, which is in its business set up stage, has evaluated the implications of the COVID 19 pandemic and has determined that there is no significant impact on its financial statements. In assessing the fair value of investments and other assets, the Bank has considered internal and external information up to the date of approval of these financial statements. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Bank will continue to closely monitor any material changes to future economic conditions.

**18.27** Previous year's figures have been restated, regrouped and reclassified wherever necessary to make them comparable with the current year figures.

As per our Report of even date

**For DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

**Pallavi A. Gorakshakar**
Partner
**(Membership No. 105035)**

For and on behalf of the Board

**Rajendra Kumar Saraf**
Director
**DIN: 02730755**

**Srikrishnan Hari Hara Sarma**
Managing Director and Chief Executive Officer
**DIN: 00318563**

**R. Aditya Subramanyam**
Company Secretary
Membership No: A38750

**Vivek Venkatesan**
Chief Financial Officer
PAN : ACBPV6371J

Place: Mumbai
Date: 23rd April, 2020