

# Annexure - C

## Independent Auditor's Report

To  
The Members  
of National Payments Corporation of India

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of National Payments Corporation of India ("the Company"), which comprise the Balance sheet as at 31st March 2019, the Statement of Income & Expenditure, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act, does not apply to the company, since it is a company licensed to operate under Section 8 of the Act. Accordingly, we have not commented upon the same.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Income and Expenditure including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended 31st March 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As per the requirements of section 143 (5), in our opinion and to the best of our information and according to the explanations given to us, books of accounts and other records produced before us for verification and on the basis of management representation; the said accounts, read together with the company's Accounting policies and the Notes thereto are given below:

S. No.	Requirements as per Directions u/s 143(5)	Reply
I	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has adequate systems in place to process all the accounting transactions through IT system. Since company has no processing of accounting transactions outside IT system hence there are no implications.
II	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No case of restructuring of an existing loan, waiver /write off of debts/loans/interest etc. was observed.
III	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	There are no case of funds received /receivable for specific schemes from Central/state agencies.

For S C Mehra & Associates LLP  
 Chartered Accountants  
 ICAI Firm Registration Number: 106156W/W100305

**CA Manoj Chaubey**  
 Membership No: 109477  
 Partner  
 UDIN: 19109477AAAAAH3749

Place: Mumbai  
 Date: 16th May 2019

## Annexure A to Independent Auditors' Report

Referred to in paragraph [2(f)] of the Independent Auditors' Report of even date to the members of National Payments Corporation of India on the Ind AS financial statements for the year ended 31st March 2019

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

1. We have audited the internal financial controls over financial reporting of National Payments Corporation of India as of 31st March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company'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 company's internal financial control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 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 company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

7. Because of the inherent limitations of 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

8. In our opinion, to the best of our information and according to explanation given to us, the Company 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 31st March 2019, based on the internal control over financial reporting criteria established by the Company 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 S C Mehra & Associates LLP  
Chartered Accountants  
ICAI Firm Registration Number: 106156W/W100305

**CA Manoj Chaubey**  
Membership No: 109477  
Partner  
UDIN: 19109477AAAAAH3749

Place: Mumbai  
Date: 16th May 2019

# Balance Sheet

as at 31st March 2019

(Amount ₹ in Lakh)

Particulars	Sch.	As at 31st March 2019	As at 31st March 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
a. Property, Plant & Equipment	2.1	24,753.32	17,690.09
b. Capital Work-In-Progress	2.2	750.68	439.83
c. Intangible Assets	2.3	8,310.36	7,005.97
d. Intangible Assets under development	2.4	1,331.85	1,183.09
e. Financial Assets			
i. Investments	2.5	18,168.50	15,840.62
ii. Trade Receivables	2.6	145.18	412.12
iii. Other Financial Assets	2.7	3,799.63	12,862.78
f. Other Non-Current Assets	2.8	-	2,074.78
<b>Total Non-Current Assets</b>		<b>57,259.52</b>	<b>57,509.28</b>
<b>Current Assets</b>			
a. Financial Assets			
i. Investments	2.9	4,799.97	3,500.00
ii. Trade Receivables	2.10	8,424.92	6,932.98
iii. Cash & Cash Equivalents	2.11	105,433.72	52,548.53
iv. Other Financial Assets	2.12	1,985.34	810.68
v. Current Tax Asset (net)	2.13	3,281.21	3,239.75
b. Other Current Assets	2.14	8,064.86	6,239.69
<b>Total Current Assets</b>		<b>131,990.02</b>	<b>73,271.63</b>
<b>TOTAL ASSETS</b>		<b>189,249.54</b>	<b>130,780.91</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share Capital	2.15	13,386.70	13,386.70
b. Other Equity	2.16	114,122.82	84,117.63
<b>Total Equity</b>		<b>127,509.52</b>	<b>97,504.33</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
a. Financial Liabilities			
i. Other Financial Liabilities	2.17	37,460.98	15,559.06
b. Long Term Provisions	2.18	623.84	127.93
c. Deferred Tax Liabilities (net)	2.19	2,670.00	2,488.00
d. Other Non-Current Liabilities	2.20	46.36	37.11
<b>Total Non-Current Liabilities</b>		<b>40,801.18</b>	<b>18,212.10</b>
<b>Current Liabilities</b>			
a. Financial Liabilities			
i. Trade Payables	2.21	1,732.33	3,012.61
ii. Other Financial Liabilities	2.22	3,221.80	1,712.59
b. Provisions	2.23	13,925.76	9,659.86
c. Current Tax Liabilities (net)	2.24	2,058.95	679.42
<b>Total Current Liabilities</b>		<b>20,938.84</b>	<b>15,064.48</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>189,249.54</b>	<b>130,780.91</b>
Significant Accounting Policies & Notes on Accounts	1 & 2		

As per our report attached

For **S. C. Mehra & Associates LLP**

Chartered Accountants

Registration No. 106156W/W100305

**CA Manoj Chaubey**

Membership No: 109477

Partner

For and on behalf of Board of Directors

**Biswamohan Mahapatra**

Chairman

**Dr. Santanu Paul**

Director

**Dilip Asbe**

Managing Director &amp; CEO

**Sanjay Saxena**

Chief Financial Officer

Place: Mumbai

Date : 16th May 2019

**Priyanka Agrawal**

Company Secretary

# Statement of Income and Expenditure

for the year ended 31st March 2019

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31st March 2019	Year ended 31st March 2018
<b>Income</b>			
Revenue from Operations	2.25	90,157.06	67,744.65
Other Income	2.26	7,859.07	5,122.77
<b>Total Income</b>		<b>98,016.13</b>	<b>72,867.42</b>
<b>Expenses</b>			
Operating Expenses	2.27	7,766.85	6,516.77
Employee Benefits Expenses	2.28	14,862.14	12,890.45
Administrative and Establishment Expenses	2.29	3,000.41	2,946.14
Depreciation and Amortisation Expenses	2.30	9,216.86	6,788.52
Other Expenses	2.31	15,405.98	8,540.20
<b>Total Expenses</b>		<b>50,252.24</b>	<b>37,682.08</b>
<b>Surplus Before Tax</b>		<b>47,763.89</b>	<b>35,185.34</b>
<b>Tax Expense</b>			
Current Tax	2.24	16,900.00	12,400.00
Deferred Tax		204.94	(42.20)
<b>Total Tax Expenses</b>		<b>17,104.94</b>	<b>12,357.80</b>
<b>Surplus for the year from continuing operations</b>		<b>30,658.95</b>	<b>22,827.54</b>
<b>Surplus for the year</b>		<b>30,658.95</b>	<b>22,827.54</b>
<b>Other Comprehensive Income</b>			
(i) Items that will not be reclassified to Income and Expenditure		(65.65)	(3.95)
(ii) Income Tax relating to items that will not be reclassified to Income and Expenditure		22.94	1.51
<b>Total</b>		<b>(42.71)</b>	<b>(2.44)</b>
<b>Total Comprehensive Income for the year</b>		<b>30,616.24</b>	<b>22,825.10</b>
<b>Earnings per equity share (for continuing operations)</b>			
1 Basic earning per share (₹)	2.32	228.71	170.51
2 Diluted earnings per share (₹)		228.71	170.51

As per our report attached

For **S. C. Mehra & Associates LLP**

Chartered Accountants

Registration No. 106156W/W100305

**CA Manoj Chaubey**

Membership No: 109477

Partner

For and on behalf of Board of Directors

**Biswamohan Mahapatra**

Chairman

**Dr. Santanu Paul**

Director

**Dilip Asbe**

Managing Director &amp; CEO

**Sanjay Saxena**

Chief Financial Officer

Place: Mumbai

Date: 16th May 2019

**Priyanka Agrawal**

Company Secretary

# Cash Flow Statement

for the year ended 31st March 2019

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
<b>Cash flow from operation activities</b>		
Net surplus before tax and extraordinary items	47,763.89	35,185.34
<b>Adjustment to reconcile net profit to net cash by operating activities</b>		
Depreciation	9,216.86	6,788.52
Provision for employee benefit	515.76	(94.25)
Fixed assets written off	283.01	10.67
Unrealised foreign exchange (gain) / loss [net]	11.17	(74.53)
Liabilities / provisions no longer required written back	-	(128.51)
Less : Interest income earned	(7,144.31)	(4,953.12)
<b>Operating Surplus before working capital changes</b>	<b>50,646.38</b>	<b>36,734.12</b>
<b>Adjustment for:</b>		
Trade and other receivable	(2,552.03)	(7,007.05)
Trade and other payable	25,732.40	7,730.35
<b>Cash generated from operation</b>	<b>73,826.75</b>	<b>37,457.41</b>
Less : Adjustment for Income tax	(15,584.89)	(14,013.54)
Less : Tax paid on Regular Assessment	-	-
<b>Net cash from operating activities</b>	<b>(A) 58,241.86</b>	<b>23,443.87</b>
<b>Cash flow from investing activities</b>		
Expenditure on Property, plant and equipment	(18,327.09)	(10,661.84)
Investment earmarked fund	3,083.95	615.20
Investment earmarked fund (under cash and cash equivalent)	(27,957.70)	(9,999.00)
Investment own fund in Bank FD	2,127.00	(3,579.00)
Investment with Financial Institution	(1,200.00)	(2,100.00)
Investments in Government securities (quoted)	(3,827.85)	504.06
Purchase of T-Bills	(9,870.10)	-
Investments in Government of India Bonds	1,400.00	(5,000.00)
Interest income	7,144.31	4,953.12
<b>Net cash used in investing activities</b>	<b>(B) (47,427.48)</b>	<b>(25,267.46)</b>
<b>Cash flow from financing activities</b>		
Net Proceeds/ (Repayment) of Secured Loans	-	-
Net proceeds from issuance of equity shares	-	-
<b>Net cash used in financial activities</b>	<b>(C) -</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>10,814.38</b>	<b>(1,823.59)</b>
<b>Cash and cash equivalents (opening)</b>	<b>14,269.28</b>	<b>16,092.88</b>
<b>Cash and cash equivalents (closing)</b>	<b>25,083.66</b>	<b>14,269.28</b>

1. The above cash flow statement has been prepared using the indirect method as per IND AS 7.

2. Previous years figures have been regrouped, reclassified &amp; rearranged to conform to current period presentation wherever necessary.

As per our report attached

For **S. C. Mehra & Associates LLP**

Chartered Accountants

Registration No. 106156W/W100305

**CA Manoj Chaubey**

Membership No: 109477

Partner

For and on behalf of Board of Directors

**Biswamohan Mahapatra**

Chairman

**Dr. Santanu Paul**

Director

**Dilip Asbe**

Managing Director &amp; CEO

**Sanjay Saxena**

Chief Financial Officer

Place: Mumbai

Date : 16th May 2019

**Priyanka Agrawal**

Company Secretary

# Statement of Changes in Equity

for the year ended 31st March 2019

## 2.15

### A. Equity Share Capital

Particulars	(Amount ₹ in Lakh)	
		Amount
<b>Balance as at 1st April 2018</b>		13,386.70
Changes in equity share capital during the period		-
<b>Balance as at 31st March 2019</b>		13,386.70
<b>Balance as at 1st April 2017</b>		13,386.70
Changes in equity share capital during the period		-
<b>Balance as at 31st March 2018</b>		13,386.70

## 2.16

### B. Other Equity

Particulars	Reserve and Surplus					Other items of Other		Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	Retained Earnings	Comprehensive Income	Income	
<b>Balance as at 1st April 2018</b>	8,534.48	10,000.00	1,000.00	1,830.00	62,779.91	(26.77)	84,117.63	
Total Comprehensive Income for the year ended	-	-	-	-	30,658.95	(42.71)	30,616.24	
Transfer to Risk Cover Reserve	-	-	-	1,817.00	(1,817.00)	-	-	
Transfer to Technology Reserve	-	2,500.00	-	-	(2,500.00)	-	-	
Transfer to SGM Contribution - NFS	-	-	-	-	(305.80)	-	(305.80)	
Transfer to SGM Contribution - IMPS	-	-	-	-	(295.17)	-	(295.17)	
Transfer to SGM Contribution - BBPS	-	-	-	-	(10.07)	-	(10.07)	
<b>Balance as at 31st March 2019</b>	<b>8,534.48</b>	<b>12,500.00</b>	<b>1,000.00</b>	<b>3,647.00</b>	<b>88,510.81</b>	<b>(69.48)</b>	<b>114,122.82</b>	

# Statement of Changes in Equity

for the year ended 31st March 2019

## B. Other Equity

Particulars	Reserve and Surplus				Other items of Other		Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	Retained Earnings	Comprehensive Income	
<b>Balance as at 1st April 2017</b>	<b>8,534.48</b>	<b>7,500.00</b>	<b>1,000.00</b>	<b>750.00</b>	<b>43,848.41</b>	<b>(24.33)</b>	<b>61,608.56</b>
Total Comprehensive Income for the year ended	-	-	-	-	22,827.54	(2.44)	22,825.10
Transfer to Risk Cover Reserve	-	-	-	1,080.00	(1,080.00)	-	-
Transfer to Technology Reserve	-	2,500.00	-	-	(2,500.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	(158.25)	-	(158.25)
Transfer to SGM Contribution - IMPS	-	-	-	-	(157.79)	-	(157.79)
<b>Balance as at 31st March 2018</b>	<b>8,534.48</b>	<b>10,000.00</b>	<b>1,000.00</b>	<b>1,830.00</b>	<b>62,779.91</b>	<b>(26.77)</b>	<b>84,117.63</b>

(Amount ₹ in Lakh)

Note: Remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through Income and Expenditure shall be recognised as a part of retained earnings with separate disclosure of such items alongwith the relevant amounts in the Notes.

As per our report attached

For **S. C. Mehra & Associates LLP**

Chartered Accountants

Registration No. 106156W/W100305

**CA Manoj Chaubey**

Membership No. 109477

Partner

For and on behalf of Board of Directors

**Biswamohan Mahapatra**

Chairman

**Dr. Santanu Paul**

Director

**Dilip Asbe**

Managing Director & CEO

**Sanjay Saxena**

Chief Financial Officer

**Priyanka Agrawal**

Company Secretary

Place: Mumbai

Date : 16th May 2019

# Significant Accounting Policies and Notes to Accounts

## Corporate Information

National Payments Corporation of India (NPCI) is a Section 8 Company as per the Companies Act, 2013. It was incorporated as a Public Limited Company under Section 25 of the erstwhile Companies Act, 1956 with the object to set up and implement the Retail Payment System in the Country. The Company is licensed by Reserve Bank of India (RBI) to operate various retail payment systems in the Country under the Payment and Settlement Systems Act, 2007. The main objective of the Company is to consolidate and integrate multiple Retail Payment Systems into Nation-wide uniform and standard business process and also to facilitate an affordable payment mechanism to benefit the common man across the country & promote financial inclusion.

The Company has been promoted by ten Banks comprising of 6 Public Sector Banks, 2 Private Banks and 2 Foreign Banks. After the broad basing exercise completed in financial year 2015-2016, the total number of shareholders has gone to 56 Banks comprising of 19 Public Sector Banks, 17 Private Banks, 3 Foreign Banks, 10 Co-operative Banks and 7 Regional Rural Banks.

The Company's initiatives in the Retail Payment System are in the form of providing National Financial Switch (NFS), Cheque Truncation System (CTS), Immediate Payment Service (IMPS), Card Scheme (RuPay), National Automated Clearing House (NACH), Aadhar Enabled Payment System (AEPS), Unified Payments Interface (UPI), National Electronic Toll Collection (NeTC), Bharat Interface for Money (BHIM), Bharat Bill Payment System (BBPS) etc. The Company has launched National Common Mobility Card (NCMC). The above initiatives will contribute towards achieving cashless society. The Company through its product and services also continuously participating in the Financial Inclusion programme and Direct Benefit Transfer (DBT) initiatives. The Company has arrangement with International Card schemes such as Discover Financial Services, JCB and China Union Pay International to provide the Global acceptance.

Apart from retail payment activities which comprise its core activities, the Company has undertaken a lot of other initiatives too. It has set up Innovation Council comprising of industry leaders from payment industry for activities related to innovation in payment systems.

The Company has also conducted various workshops at various locations and imparted trainings by connecting with large footprint institutions to undertake cascade style trainings. Apart from the above, the Company has created the Financial Literacy and Advisory Services (FLAS) group within the company to undertake the mission for providing digital financial literacy.

The Company has engaged with institutional staff to undertake not only trainings but download and usage of products, trainings and workshops for different organizations to promote digital financial literacy.

The Company has conducted training outreach campaigns at various places with the state governments to promote digital financial literacy.

Also, the Government of India, as a part of Digital Payment awareness programme, has provided incentive to end users for the BHIM app which is run by NPCI.

## 1. Statement of Significant Accounting Policies

### 1.1. Basis of Preparation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provision of the Act. These financial statements have been prepared under the historical cost convention except certain Financial Assets and liabilities, which have been measured at fair value. The accounting policy provides information on such Financial Assets and liabilities measured at fair value. The Company follows the accrual basis of accounting.

These financial statements include the Balance Sheet, the Statement of Changes in Equity, the Statement of Income and Expenditure, the Statement of Cash flows and Notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period.

Effective 1st April 2016, the Company has adopted all the Ind-AS standards and the adoption was carried out in accordance with Ind-AS 101 "First time adoption of Indian Accounting Standards, with 1st April 2015 as the transition date".

### 1.2. Presentation of financial statements

The Balance Sheet and the Statement of Income and Expenditure are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of Cash Flow has been prepared and presented as per the requirements of Ind-AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Income and Expenditure, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

The financial statements are presented in Indian Rupees in Lakh and all values are rounded off to the nearest lakh as permitted by Schedule III of the Companies Act 2013. Earnings per share data are presented in Indian Rupees up to two decimal places.

### 1.3. Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standard requires Management to make estimates and assumptions that affect the reported amounts of Assets and liabilities and disclosure of contingent Assets and liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results may differ from these estimates.

# Significant Accounting Policies and Notes to Accounts

## 1.4. Operating cycle

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

## 1.5. Revenue recognition

Revenue is recognised based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

The price that is regularly charged for an item when sold in arm's length transaction is the best evidence of its fair value.

### 1.5.1. Income from Operations

The Company derives revenue primarily from operating Retail Payment Systems in India. The Company operates various retail payment systems for member banks through its services like NFS, CTS, IMPS, RuPay Card, NACH, AePS, UPI, NeTC, BBPS, etc. Revenue from such products and services is accounted for all transactions routed during the reporting period.

Product and Membership fees (non-refundable) collected from customers using Company's product and services are recognised as income in the reporting period in which the services are commissioned.

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- i. The amount of revenue can be measured reliably;
- ii. It is probable that the economic benefits associated with the transaction will flow to the Company; and
- iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- iv. The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- v. Where there is a substantive effect of recognition of revenue with the cost incurred in the revenue arrangement, the revenue is recognized on Net basis under "Matching Concept".

The Company has entered into stage-wise (fixed price) contract with foreign vendors to establish the use of infrastructure for retail payment platforms. Revenue from such services, in India, out of India has been recognized as per terms under percentage completion method.

The Committee of Independent Directors from time to time decided on the fee structure including waiver, if any.

The revenue is presented net of value-added / Indirect Taxes in the Statement of Income and Expenditure.

### 1.5.2. Other Income

In case of other Income, revenue is recognized during the period in which the services are rendered.

Interest income is recognized on a time proportion basis, taking into account the amount outstanding and at an effective interest rate, as applicable.

Liquidated damages are collected from suppliers as a penalty for non-delivery as per contracted terms.

Other miscellaneous income includes fees received towards tender process.

## 1.6. Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use as estimated by the management. Any trade discounts and rebates are deducted in arriving at the purchase price.

For transition to Ind-AS, the carrying value of PPE under previous GAAP as on 1st April 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

PPE not ready for the intended use, on the date of the Balance Sheet are disclosed as "Capital Work-in-Progress".

Depreciation is calculated on a Straight-Line Method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation for additions to/deductions from, owned Assets is calculated on pro rata basis.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost can be measured reliably.

# Significant Accounting Policies and Notes to Accounts

Depreciation charged for impaired Assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Depreciation is provided using the straight line method as per the following rates as per Schedule II of the Companies Act 2013:

Sr. No.	Nature of Assets Tangible Assets	Estimated useful life (In years)
1	Network Equipment / Central Switching	6
2	Plant and Machinery / Office Equipment <sup>#</sup>	5
3	Computers and Printers	3
4	Furniture and Fittings	10
5	Vehicles	8
6	Leasehold Improvements*	-
7	Buildings (Other than factory Building)	60

<sup>#</sup>Office equipment includes Air conditioners, Web cameras, Fire alarm system etc.

\*Leasehold Improvements are depreciated over the life of the Assets or the lease term, whichever is shorter.

Repairs & maintenance costs are recognised in the statement of Income and Expenditure.

## 1.7. Intangible Assets

Intangible Assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible Assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible Assets are amortised over their respective individual estimated useful life on a straight line basis, commencing from the date the asset is available to the Company for its use.

Intangible Assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible Assets under development".

Amortisation on impaired Assets is provided by adjusting the amortisation charges in the remaining period so as to allocate the Assets revised carrying amount over its remaining useful life.

Amortization is provided using the Straight Line Method as per the following rates as per Schedule II of the Companies Act 2013:

Sr. No.	Nature of Assets Intangible Assets	Estimated useful life (In years)
1	Software	3

## 1.8. Research and development expenditure

Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.

Development expenditure on new products is capitalised as intangible asset, if all the following conditions are duly fulfilled:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company has intention to complete the intangible asset and use or sell it.
- The Company has ability to use or sell the intangible asset.
- The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible Assets.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

Development expenditure that does not meet the criteria listed above is expensed in the period in which it is incurred.

## 1.9. Employee Benefits

### 1.9.1. Short term Employee Benefits

All employee benefits payable within a period of twelve months of rendering service are classified as short term employee benefits. Benefits such as salaries, allowances, advances and similar payments paid to the employees of the Company are recognized during the period in which the employee renders such related services.

The Company has recognised the cost due to the fair valuation of advances granted to staff which are either interest free or at concessional rate. The interest income will be recognised over the period of advances.

### 1.9.2. Post-employment benefits

#### i. Defined Contribution plans

**Provident Fund:** The Company is a member of the Government Provident Fund which is operated by the office of the Regional Provident Fund Commissioner (RPF) and the contribution thereof is paid /provided for during the period in which the employee renders the related service.

# Significant Accounting Policies and Notes to Accounts

## ii. Defined Benefits plans

**Gratuity:** In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan ('The Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment with the Company.

Gratuity payable to employees is covered by a Gratuity Plan provided by Insurance Company. The contribution thereof is paid / provided during the period in which the employee renders service. Gratuity is provided as per actuarial valuation as at the Balance Sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan Assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to income & expenditure.

**Leave Encashment:** The Company provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave based on actuarial valuation of the leave encashment liability at the Balance Sheet date, carried out by an independent actuary.

## 1.10. Impairment of Assets

As at each Balance Sheet date, the carrying amount of Assets is tested for impairment so as to determine:

- i. The provision for impairment loss, if any; and
- ii. The reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- i. In the case of an individual asset, at the higher of the net selling price and the value in use;
- ii. In the case of a cash generating unit (a group of Assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

## 1.11. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

- i. Finance Leases: There are no Finance leases entered into by the Company.
- ii. Operating Leases: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease rentals/payments are charged as an expense in the Income and Expenditure account on a straight-line basis over the lease term.

## 1.12. Financial Instruments

Financial Assets and Financial Liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial Assets and Financial Liabilities are initially measured at fair value.

### Financial Assets

All recognised Financial Assets are subsequently measured in their entirety at amortised cost.

A Financial Asset shall be measured at amortised cost if both of the following conditions are met:

- i. The Financial Asset is held within a business model whose objective is to hold Financial Assets in order to collect contractual cash flows and
- ii. The contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income on Financial Asset measured at amortised cost, is measured at effective interest rate on the gross carrying amount.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the statement of Cash Flow. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

# Significant Accounting Policies and Notes to Accounts

## Impairment of Financial Assets:

- i. The Company is not recognising estimated credit loss on trade receivables since the company is dealing with regulated entities and has not experienced any loss due to credit risk since inception.
- ii. The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, sovereign in nature. Hence, impairment is not required.

A Financial Asset is de-recognised when and only when:

- i. The contractual rights to the cash flows from the Financial Asset expire;
- ii. It transfers the Financial Assets and the transfer qualifies for de-recognition.

## Financial Liabilities

Financial Liabilities are subsequently carried at amortised cost using the effective interest method for trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### 1.13. Share Capital

#### Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

### 1.14. Earnings per equity share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding at the end of the reporting period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes

effected prior to the approval of the financial statements by the Board of Directors

### 1.15. Income Tax

**1.15.1** The Company has been incorporated as a 'Not for Profit Company' under section 25 of the Companies Act, 1956 (now section 8 of Companies Act 2013), and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objects to carry out any activity on commercial basis and it operates on a non-commercial basis and thereby claims to be eligible for tax exemption. On a conservative basis the Management has decided to provide for Current Tax including deferred tax; if any.

**1.15.2** Tax expense (Tax income) is the aggregate amount included in the determination of surplus or deficit for the period in respect of Current Tax and deferred tax. Current Tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 1961. The Company offsets, on a year on year basis, the Current Tax Assets and Liabilities, where it has a legally enforceable right and where it intends to settle such Assets and Liabilities on a net basis.

**1.15.3** Minimum alternate tax (MAT) paid in a reporting period is charged to the statement of Income & Expenditure Account as Current Tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Income & Expenditure Account and shown as MAT Credit Entitlement.

**1.15.4** Deferred taxes reflect the impact of current reporting period temporary differences between taxable income and accounting income for the reporting period. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax Assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax Assets can be realized.

**1.15.5** Transaction or event which is recognised outside the statement of Income and Expenditure, either in other comprehensive income or in equity, if any is recorded along with the tax as applicable.

### 1.16. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions

# Significant Accounting Policies and Notes to Accounts

are not discounted to its present value unless the effect of time value of money is not affecting materially and are determined based on a best estimate required to settle the obligation at the Balance Sheet date.

## 1.17. Contingent Liabilities

Contingent Liabilities, if any, are disclosed in the Notes to Accounts. Provision is made in the Accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

## 1.18. Contingent Assets

Contingent Assets, if any, are disclosed in the Notes to Accounts. A brief description of the nature of the contingent Assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

## 1.19. Foreign currency transactions

- i. The functional currency of the Company is Indian rupee.
- ii. Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction.

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in income and expenditure in the period in which they arise.

## 1.20. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for
- ii. Uncalled liability on shares and other investments partly paid and

- iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

## 1.21. Statement of Cash flow

Statement of Cash flow is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net surplus is adjusted for the effects of changes during the period in inventories, operating receivables and payables transactions of a non-cash nature

- i. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- ii. All other items for which the cash effects are investing or financing cash flows.

## 1.22. Recent accounting pronouncements

In March 2019, the MCA issued IndAS 116 on Leases. IndAS 116 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use Assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the Balance Sheet in a manner largely comparable to current finance lease accounting. IndAS 116 is effective for annual periods beginning on or after 1st April 2019. NPCI will adopt the standard for the fiscal year beginning as of 1st April 2019, by applying the modified retrospective approach, i.e. comparative figures for the preceding year will not be adjusted. By applying IndAS 116, straight-line operating lease expense will be replaced by depreciation expense on right-of-use Assets and interest expense on lease liabilities. This results in a deterioration in cash flows from financing activities and an improvement in cash flows from operating activities. The Company is currently assessing further impacts of adopting IndAS 116 on the Financial Statements. It is intended to use most of the simplifications available under IndAS 116.

## Significant Accounting Policies and Notes to Accounts

### 2. NOTES TO ACCOUNTS

#### ASSETS

##### Non-Current Assets:

##### 2.1. Property, Plant and Equipment

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2019:

Asset Group	Gross block			Depreciation			Net block		
	Cost as at 1st April 2018	Addition	Deletion	As at 31st March 2019	As at 1st April 2018	For the period	Deletion/ Adjustments	As at 31st March 2019	As at 31st March 2018
Land	2,584.61	1,410.44	-	3,995.05	-	-	-	3,995.05	2,584.61
Building	4,022.39	-	-	4,022.39	203.35	67.71	-	3,751.32	3,819.04
Computers	1,288.51	209.04	10.30	1,487.25	657.90	365.60	6.29	1,017.21	630.61
Network Equipment	5,672.06	2,848.82	405.00	8,115.88	1,782.29	1,211.65	126.31	2,867.63	3,889.77
Switching Eq / Central Processors	11,157.11	7,035.88	-	18,192.99	4,747.30	2,507.63	-	7,254.93	6,409.81
Furniture and Fixture	223.08	46.95	-	270.03	61.42	26.69	-	88.11	161.66
Electrical Installation	40.90	5.15	-	46.05	18.82	8.68	-	27.50	22.08
Telephone	45.39	5.36	0.09	50.66	16.86	9.25	0.05	26.06	28.53
Office Equipment	310.55	42.08	0.51	352.12	171.77	57.42	0.24	228.95	138.78
Leasehold improvement	11.18	-	-	11.18	5.98	2.84	-	8.82	5.20
<b>As at 31st March 2019</b>	<b>25,355.78</b>	<b>11,603.72</b>	<b>415.90</b>	<b>36,543.60</b>	<b>7,665.69</b>	<b>4,257.47</b>	<b>132.89</b>	<b>11,790.27</b>	<b>17,690.09</b>

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2018:

Asset Group	Gross block			Depreciation			Net block		
	Cost as at 1st April 2017	Addition	Deletion	As at 31st March 2018	As at 1st April 2017	For the period	Deletion/ Adjustments	As at 31st March 2018	As at 31st March 2017
Land	2,485.00	99.61	-	2,584.61	-	-	-	2,584.61	2,485.00
Building	4,022.39	-	-	4,022.39	135.63	67.72	-	3,819.04	3,886.76
Computers	815.92	487.24	14.65	1,288.51	357.31	308.93	8.34	657.90	458.61
Network Equipment	3,123.84	2,548.22	-	5,672.06	995.09	787.20	-	1,782.29	2,128.75
Switching Eq / Central Processors	8,295.00	2,862.11	-	11,157.11	2,969.53	1,777.77	-	4,747.30	5,325.47
Furniture and Fixture	212.53	10.55	-	223.08	39.45	21.97	-	61.42	173.08
Electrical Installation	30.83	10.07	-	40.90	12.23	6.59	-	18.82	18.60
Telephone	32.81	16.49	3.91	45.39	10.80	7.84	1.78	16.86	22.01
Office Equipment	250.40	60.15	-	310.55	121.28	50.49	-	171.77	129.12
Vehicle	4.54	-	4.54	-	1.96	0.35	2.31	-	2.58
Lease hold improvement	5.51	5.67	-	11.18	2.79	3.19	-	5.98	2.72
<b>As at 31st March 2018</b>	<b>19,278.77</b>	<b>6,100.11</b>	<b>23.10</b>	<b>25,355.78</b>	<b>4,646.07</b>	<b>3,032.05</b>	<b>12.43</b>	<b>7,665.69</b>	<b>14,632.70</b>

## Significant Accounting Policies and Notes to Accounts

### 2.2. Capital Work-In-Progress

Following are the changes in the Capital Work-In-Progress:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
<b>Capital WIP</b>		
Capital WIP - IT	734.54	411.68
Capital WIP - Non IT	16.14	28.15
<b>Total</b>	<b>750.68</b>	<b>439.83</b>

### 2.3. Intangible Assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March 2019:

Asset Group	Gross block			Depreciation		Net block	
	Cost as at 1st April 2018	Addition	Deletion	As at 1st April 2018	For the period	As at 31st March 2019	As at 31st March 2018
Computer Software	15,696.30	6,263.77	-	8,690.33	4,959.38	13,649.71	7,005.97
<b>As at 31st March 2019</b>	<b>15,696.30</b>	<b>6,263.77</b>	<b>-</b>	<b>8,690.33</b>	<b>4,959.38</b>	<b>13,649.71</b>	<b>7,005.97</b>

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March 2018:

Asset Group	Gross block			Depreciation		Net block	
	Cost as at 1st April 2017	Addition	Deletion	As at 1st April 2017	For the period	As at 31st March 2018	As at 31st March 2017
Computer Software	10,397.06	5,299.25	0.01	4,933.87	3,756.47	8,690.33	5,463.19
<b>As at 31st March 2018</b>	<b>10,397.06</b>	<b>5,299.25</b>	<b>0.01</b>	<b>4,933.87</b>	<b>3,756.47</b>	<b>8,690.33</b>	<b>5,463.19</b>

### 2.4. Intangible Assets under development

Following are the changes in carrying value of the intangible Assets:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Intangible Assets under development	1,021.48	828.81
Intangible Assets under development (Software)	310.37	354.28
<b>Total</b>	<b>1,331.85</b>	<b>1,183.09</b>

There is no Research and Development expense recognized in net surplus in the Statement of Income and Expenditure for the year ended 31st March 2019.

# Significant Accounting Policies and Notes to Accounts

## Non-Current Assets

### Fixed Assets (Non-Current)

#### 2.5 Investments:

(Amount ₹ in Lakh)

Particulars	Face Value per unit (In ₹)	Face Value	As at 31st March 2019	As at 31st March 2018
<b>Quoted Investment</b>				
G-Sec 8.27% 2020	100	1,200	1,203.65	1,206.48
G-Sec 7.68% 2023	100	1,200	1,196.11	1,195.45
G-Sec 7.35% 2024	100	400	393.68	392.73
G-Sec 8.40% 2024	100	400	406.61	407.58
G-Sec 7.72% 2025	100	400	400.66	400.74
G-Sec 8.15% 2026	100	600	608.35	609.13
G-Sec 8.60% 2028	100	400	415.66	416.80
G-Sec 7.88% 2030	100	800	796.73	796.55
G-Sec 7.95% 2032	100	600	603.98	197.91
G-Sec 8.24% 2033	100	1,400	1,449.96	823.48
G-Sec 7.59% 2029	100	800	794.80	794.46
G-Sec 7.61% 2030	100	400	398.36	398.27
G Sec 7.37% 2023	100	600	590.48	-
G-Sec 7.17% 2028	100	200	189.14	-
GOI 7.59% 2026	100	400	396.55	201.10
G Sec 7% 2021	100	400	400.38	-
G Sec 7.26% 2029	100	400	396.93	-
G Sec 7.32% 2024	100	400	403.69	-
G Sec 8.24% 2027	100	600	622.78	-
G-Sec 8.19% 2020	100	100		99.94
<b>Sub total</b>			<b>11,668.50</b>	<b>7,940.62</b>
<b>Un-Quoted Investment (at cost)</b>				
Deposits with Financial Institution			-	1,400.00
Govt. of India 8% Savings Bond			6,500.00	6,500.00
<b>Sub Total</b>			<b>6,500.00</b>	<b>7,900.00</b>
<b>Total</b>			<b>18,168.50</b>	<b>15,840.62</b>
<b>Market value of quoted investment</b>				
Government Securities			11,924.17	8,071.76
<b>Total</b>			<b>11,924.17</b>	<b>8,071.76</b>

# Significant Accounting Policies and Notes to Accounts

## 2.6 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured considered good</b>		
Receivables for Settlement Fees	67.12	407.23
Receivables for Network / IIN recoveries	44.45	-
Receivables for Certification / RuPay / Others	33.61	4.89
<b>Total</b>	<b>145.18</b>	<b>412.12</b>

## 2.7 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit – Premises *	477.18	437.54
Unammortised Advance Rental	14.94	38.57
Interest Accrued on deposits (NFS SGM Contributions)	97.81	35.66
Interest Accrued on deposits (IMPS SGM Contributions)	334.86	40.02
Interest Accrued on deposits (BBPS SGM Contributions)	18.03	-
Advances to employees	0.28	0.51
<b>Sub Total</b>	<b>943.10</b>	<b>552.30</b>
<b>Term Deposits - Own Funds with maturity more than 12 months</b>		
Term deposits with Banks	99.00	6,469.00
<b>Sub Total</b>	<b>99.00</b>	<b>6,469.00</b>
<b>Earmarked Deposits with maturity more than 12 months</b>		
Deposits with Banks - (SGM - NFS Contribution)	2,624.53	4,232.23
Deposits with Banks - (SGM - IMPS Contribution)	-	1,533.25
Deposits with Banks - (AePS - Collateral)	83.00	76.00
Term deposits with Banks - (NeTC - Collateral)	50.00	-
<b>Sub Total</b>	<b>2,757.53</b>	<b>5,841.48</b>
<b>Total</b>	<b>3,799.63</b>	<b>12,862.78</b>

\*Security deposit represents and relates principally to leased office premises and utilities like electricity supplies etc.

## 2.8 Other non-current Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Capital Advance - (Land in Chennai)	-	2,072.78
Capital Advance - Non IT	-	2.00
<b>Total</b>	<b>-</b>	<b>2,074.78</b>

# Significant Accounting Policies and Notes to Accounts

## Current Assets

### Financial Assets (Current)

#### 2.9 Investment

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Deposits with a Financial Institution</b>		
Maturity less than 3 months	2,800.00	-
Maturity less than 12 months	1,900.00	3,500.00
<b>Investments in Government Securities</b>		
Maturity less than 12 months	99.97	-
G-Sec 8.19% 2020		
<b>Total</b>	<b>4,799.97</b>	<b>3,500.00</b>

#### 2.10 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Unsecured considered good</b>		
Receivables for Settlement Fees	3,539.65	3,172.72
Receivables for Network / IIN recoveries	369.64	737.27
Receivables from International Alliances	1,271.46	1,343.16
Receivables for Certification / RuPay /Others	3,244.17	1,679.83
<b>Total</b>	<b>8,424.92</b>	<b>6,932.98</b>

#### 2.11 Cash & cash equivalents

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Own Funds</b>		
<b>Balances with Banks</b>		
Balance in Current Account with Reserve Bank of India	1.10	1.10
Current Account (Own Fund)	279.64	139.84
Current Account (Flexi Facility with Bank)	6,653.97	3,121.97
Current Account (International settlements)	5,104.44	2,819.42
Cash in hand	0.06	0.29
<b>Term Deposit with Banks</b>		
Term Deposit - maturity less than 3 months	7,370.00	4,283.00
Term Deposit - maturity more than 3 months but less than 12 months	30,753.00	26,510.00
<b>Treasury Bill</b>		
Maturity less than 3 months	1,352.09	
Maturity more than 3 months but less than 12 months	9,870.10	-
<b>Sub Total</b>	<b>61,384.40</b>	<b>36,875.62</b>
<b>Earmarked Funds</b>		
<b>Balances with Banks</b>		
Current Account (SGM Contribution)	140.37	428.46
<b>Term Deposit with Banks</b>		
<b>Maturity less than 3 months</b>		
Term Deposits - Banks - (SGM - NFS Contribution)	650.00	175.00

## Significant Accounting Policies and Notes to Accounts

### 2.11 Cash & cash equivalents (Contd.)

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Term Deposits - Banks - (SGM - IMPS Contribution)	180.00	1,390.20
Term Deposits - Banks - (SGM - BBPS Contribution)	300.00	-
Term Deposits - Banks - (AePS - Collateral)	46.00	15.00
Term Deposits - Banks - (NeTC - Collateral)	6.00	-
Term Deposits - Banks - (Technology Reserve)	1,500.00	1,400.00
Term Deposits - Banks - (Risk Cover)	1,500.00	495.00
<b>Maturity more than 3 months but less than 12 months</b>		
Term Deposits - Banks - (SGM - NFS Contribution)	9,187.70	453.00
Term Deposits - Banks - (SGM - IMPS Contribution)	16,548.25	1,799.25
Term Deposits - Banks - (AePS - Collateral)	328.00	275.00
Term Deposits - Banks - (NeTC - Collateral)	16.00	57.00
Term Deposits - Banks - (UPI - Collateral)	500.00	-
Term Deposits - Banks - (Technology Reserve)	11,000.00	8,600.00
Term Deposits - Banks - (Risk Cover)	2,147.00	585.00
<b>Sub Total</b>	<b>44,049.32</b>	<b>15,672.91</b>
<b>Total</b>	<b>1,05,433.72</b>	<b>52,548.53</b>

For better cash management, the Company has arrangement with certain Banks where the funds exceeding the specified limit automatically transferred to flexi deposit account as short term deposit.

### 2.12 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance to Employees	26.52	20.17
Unamortised Advance Rental	20.58	34.32
Interest Accrued on deposits (other than SGM contribution deposits)	1,309.52	756.19
Interest Receivable on Income Tax Refund AY 2017-18	608.68	-
Accrued Interest Receivable(G.Sec Purchase)	20.04	-
<b>Total</b>	<b>1,985.34</b>	<b>810.68</b>

### 2.13 Current Tax Assets (net)

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance Income Tax - FY 2017-18 (Net)	782.53	743.59
Advance Income Tax - FY 2016-17 (Net)	83.03	82.56
Advance Income Tax - FY 2015-16 (Net)	1,195.58	1,193.94
Advance Income Tax - FY 2014-15 (Net)	747.41	747.06
Advance Income Tax - FY 2013-14 (Net)	34.60	34.54
Advance Income Tax - FY 2012-13 (Net)	129.77	129.77
Advance Income Tax - FY 2011-12 (Net)	308.29	308.29
<b>Total</b>	<b>3,281.21</b>	<b>3,239.75</b>

## Significant Accounting Policies and Notes to Accounts

### 2.14 Other Current Assets

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2019	31st March 2018
Prepaid Expenses	1,071.55	816.57
Prepaid - Insurance - RuPay card	2,634.96	1,615.79
Deposit with Insurance Companies	31.57	7.02
GST Input/Cenvat Credit	1,479.46	737.06
LIC Gratuity /Leave encashment receivable	88.48	78.93
Advances to vendors	2,723.49	2,984.32
Settlement Guarantee Fund - JCBI	35.35	-
<b>Total</b>	<b>8,064.86</b>	<b>6,239.69</b>

The RuPay card as a feature provides accidental coverage to all eligible RuPay card holders. The prepaid expenses consist of un-expired portion of annual maintenance expenses, Insurance premium, subscription, etc. Advance to vendors also represents Settlement account with International alliances.

### Financial Instruments

#### Financial instrument by category

The carrying value and fair value of financial instruments by categories as of 31st March 2019 were as follows:

#### Financial Assets

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2019	31st March 2018
<b>Measured at amortised cost</b>		
Trade receivable	8,570.10	7,345.10
Cash & cash equivalents	1,05,433.72	52,548.53
Investments	22,968.47	19,340.62
Other financial Assets	5,784.97	13,673.46
<b>Total Financial Assets</b>	<b>1,42,757.26</b>	<b>92,907.71</b>

#### Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2019	31st March 2018
<b>Measured at amortised cost</b>		
Trade payables	1,732.33	3,012.61
Other financial liabilities	40,682.78	17,271.65
<b>Total Financial Liabilities</b>	<b>42,415.11</b>	<b>20,284.26</b>

#### Fair value hierarchy

Level 1 - Quoted prices in active market for identical Assets and Liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly

Level 3 - Inputs for the Assets or liabilities that are not based on observable market data.

## Significant Accounting Policies and Notes to Accounts

(Amount ₹ in Lakh)

Investments (Level 1)	As at 31st March 2019	As at 31st March 2018
Government securities	11,924.17	8,071.76
<b>Total</b>	<b>11,924.17</b>	<b>8,071.76</b>

Note: The fair value pertaining to Assets or liabilities which are measured at cost or amortised cost on a non-recurring basis has not been disclosed for level 3 hierarchy.

### Financial Risk Management

#### Financial risk factors

The Company's activities expose it to a variety of financial risks, settlement risk, market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of liquidity risks emanating from defaulting of the member(s) during settlement and seek to minimize potential adverse effects on its financial performance. The Company uses members' contribution and line of credit to mitigate risk associated with default by member(s) during settlement.

#### Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Since the Company has exposure to regulated entities, the credit risk is limited. It is mitigated by timely monitoring of receivables. The Company has robust accounts receivable collection mechanism which has ensured near zero level of credit risk since inception.

The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal.

The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Revenue from top customer	18%	18%
Revenue from top 5 customers	42%	41%

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH), Bharat Bill Payment System, and accordingly are sole provider of such kind of services. The client mentioned above are likely to depend on these services till they are solely handled by the company.

#### Credit risk exposure

There is no requirement for providing for expected credit loss as the Company has robust collection mechanism and has not written off any amount due to client credit risk exposure.

#### Market risk

Under the current changing dynamics of the market, there is always a business or market risk for the Company. As company venture towards a more cashless society, services like UPI, NeTC, AePS, BBPS etc., will be the major revenue generator. More innovation and R&D's for new products, will be made so as to maintain its competitiveness. Value addition on the existing products will be carried out so as to maintain its leadership in the market. As per our existing risk management framework, NPCI evaluates its Strategic, Compliance, Financial, Operational risks so as to maintain its effectiveness in delivery.

### Foreign currency risk exposures

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019 USD	As at 31st March 2018 USD
<b>Financial Assets</b>		
Trade Receivables	1,271.46	1,343.16
<b>Financial Liabilities</b>		
Trade Payables	63.61	-

# Significant Accounting Policies and Notes to Accounts

## EQUITY AND LIABILITIES

### 2.15 Equity Share capital

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2019	31st March 2018
<b>Authorised</b>		
3,00,00,000 equity shares of ₹ 100 each	30,000.00	30,000.00
<b>Issued, subscribed and paid-up :</b>		
<b>Issued share capital</b>		
1,38,76,600 equity shares of ₹ 100 each	13,876.60	13,876.60
<b>Subscribed and paid-up capital</b>		
<b>Opening balance</b>		
1,33,86,700 equity shares of ₹ 100 each Fully paid up	13,386.70	13,386.70
<b>Addition during the year</b>	-	-
<b>Total</b>	<b>13,386.70</b>	<b>13,386.70</b>

### Reconciliation of shares outstanding at the beginning and end of the year ended 31st March 2019.

(Amount ₹ in Lakh)

Particulars	Equity Shares			
	As at 31st March 2019		As at 31st March 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,386,700	13,386.70	13,386,700	13,386.70
Shares outstanding at the end of the reporting period	13,386,700	13,386.70	13,386,700	13,386.70

### Terms / Rights attached to equity shares:

The Company has only one class of equity share having par value of ₹ 100 each. Each equity share represents one vote in case of poll.

In the period of five years immediately preceding 31st March 2019:

- The Company has not allotted any bonus shares.
- The Company has not allotted any equity shares as fully paid up without payment being received in cash.

### Details of shareholders holding more than 5% share in the Company

Particulars	Equity Shares			
	As at 31st March 2019		As at 31st March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
State Bank of India	1,000,000	7.47	1,000,000	7.47
Union Bank of India	1,000,000	7.47	1,000,000	7.47
Bank of India	1,000,000	7.47	1,000,000	7.47
Bank of Baroda	1,000,000	7.47	1,000,000	7.47
Punjab National Bank	1,000,000	7.47	1,000,000	7.47
Canara Bank	1,000,000	7.47	1,000,000	7.47
ICICI Bank Limited	1,000,000	7.47	1,000,000	7.47
HDFC Bank Limited	1,000,000	7.47	1,000,000	7.47
HSBC Limited	1,000,000	7.47	1,000,000	7.47
Citibank N.A	1,000,000	7.47	1,000,000	7.47

## Significant Accounting Policies and Notes to Accounts

### Other Equity

#### 2.16 Statement of Changes in Equity

(Amount ₹ in Lakh)

Particulars	Reserve and Surplus					Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	Retained Earnings		
<b>Balance as at 1st April 2018</b>	<b>8,534.48</b>	<b>10,000.00</b>	<b>1,000.00</b>	<b>1,830.00</b>	<b>62,779.91</b>	<b>(26.77)</b>	<b>84,117.63</b>
Total Comprehensive Income for the year	-	-	-	-	30,658.95	(42.71)	30,621.49
Transfer to Risk Cover Reserve	-	-	-	1,817.00	(1,817.00)	-	-
Transfer to Technology Reserve	-	2,500.00	-	-	(2,500.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	(305.80)	-	(305.80)
Transfer to SGM Contribution - IMPS	-	-	-	-	(295.17)	-	(295.17)
Transfer to SGM Contribution - BBPS	-	-	-	-	(10.07)	-	(10.07)
<b>Balance as at 31st March 2019</b>	<b>8,534.48</b>	<b>12,500.00</b>	<b>1,000.00</b>	<b>3,647.00</b>	<b>88,510.82</b>	<b>(69.48)</b>	<b>1,14,122.82</b>
<b>Balance as at 1st April 2017</b>	<b>8,534.48</b>	<b>7,500.00</b>	<b>1,000.00</b>	<b>750.00</b>	<b>43,848.41</b>	<b>(24.33)</b>	<b>61,608.56</b>
Total Comprehensive Income for the year	-	-	-	-	22,827.54	(2.44)	22,825.10
Transfer to Risk Cover Reserve	-	-	-	1,080.00	(1,080.00)	-	-
Transfer to Technology Reserve	-	2,500.00	-	-	(2,500.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	(158.25)	-	(158.25)
Transfer to SGM Contribution - IMPS	-	-	-	-	(157.79)	-	(157.79)
<b>Balance as at 31st March 2018</b>	<b>8,534.48</b>	<b>10,000.00</b>	<b>1,000.00</b>	<b>1,830.00</b>	<b>62,779.91</b>	<b>(26.77)</b>	<b>84,117.63</b>

The Company has created three reserves namely NFS SGM Reserve, Risk Cover Reserve and Technology Reserve over period of years by way of appropriation from the Surplus after Tax as per the mechanism approved by the Board.

During the year an amount of ₹ 2,500 lakh has been appropriated towards the Technology Reserve and ₹ 1,817 lakh has been appropriated towards the Risk Cover Reserve.

#### 2.17 Other financial liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
SGM Contribution - NFS	12,682.70	5,138.22
SGM Contribution - IMPS	17,064.39	4,991.12
SGM Contribution - BBPS	350.07	-
Deposit- Collateral AePS/NeTC/UPI	1,265.56	423.00
Deposit - Collateral RuPay International alliances	6,050.76	4,858.72
Earnest Money Deposit	47.50	148.00
<b>Total</b>	<b>37,460.98</b>	<b>15,559.06</b>

## Significant Accounting Policies and Notes to Accounts

### SGM contribution – NFS ATM switching

RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated 11th April 2012 had given consent for the Settlement Guarantee Mechanism Guidelines proposed by the Company. In line with the guidelines, the Company has collected from banks availing NFS services as deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including the interest (net of expenses) earned on the said balance, as on 31st March 2019 is ₹ 12,682.70 lakh. The SGM Contribution is placed as earmarked fixed deposits. The surplus income earned on these earmarked Investments (net off SGM expenses and the Income Tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM – NFS contribution as on 31st March 2019 is as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
SGM- NFS balance at the beginning	5,138.24	4,675.53
Add : Contribution received during the year	7,238.67	316.69
Less : Contribution refunded during the year	-	(12.23)
<b>Subtotal (A)</b>	<b>12,376.91</b>	<b>4,979.99</b>
Interest received on SGM- NFS investments	672.46	354.21
Less: SGM expenses (bank charges / LOC charges)	(185.96)	(97.02)
Less: salary expense of SGM adjusted against income	(16.44)	(15.19)
Less: Income Tax	(164.26)	(83.75)
<b>Subtotal (B)</b>	<b>305.80</b>	<b>158.25</b>
<b>SGM NFS balance at the end (A+B)</b>	<b>12,682.70</b>	<b>5,138.24</b>

### SGM contribution – IMPS

RBI vide letter DPSS/CO/OD/1997/06.07.005/2014-15 dated 23rd April 2015 had given consent for the Settlement Guarantee Mechanism Guidelines for IMPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing IMPS services as deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including interest (net of expense) earned on the said balance, as on 31st March 2019 is ₹ 17,064.39 lakh. The SGM contribution is placed as earmarked fixed Deposits. The surplus income earned on these earmarked investments (net of SGM expenses and Income Tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM- IMPS contribution as on 31st March 2019 is as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
SGM- IMPS balance at the beginning	4,991.12	4,595.65
Add : Contribution received during the year	12,413.11	257.70
Less : Contribution refunded during the year	(635.00)	(20.03)
<b>Subtotal (A)</b>	<b>16,769.23</b>	<b>4,833.32</b>
Interest received on SGM- IMPS investments	681.71	329.17
Less: SGM Expenses (bank charges)	(211.54)	(72.67)
Less: salary expense of SGM adjusted against income	(16.46)	(15.19)
Less: Income Tax	(158.55)	(83.51)
<b>Subtotal (B)</b>	<b>295.17</b>	<b>157.79</b>
<b>SGM IMPS balance at the end (A+B)</b>	<b>17,064.39</b>	<b>4,991.12</b>

## Significant Accounting Policies and Notes to Accounts

### SGM contribution – BBPS

RBI vide letter DPSS/CO/OD/362/06.07.005/2017-18 dated 26th July 2017 had given consent for the Settlement Guarantee Mechanism Guidelines for BBPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing BBPS services as deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including interest (net of expense) earned on the said balance, as on 31st March 2019 is ₹ 350.07 lakh. The SGM contribution is placed as earmarked fixed Deposits. The surplus income earned on these earmarked investments (net of SGM expenses and Income Tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM- BBPS contribution as on 31st March 2019 is as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
SGM- BBPS balance at the beginning	-	-
Add : Contribution received during the year	345.00	-
Less : Contribution refunded during the year	(5.00)	-
<b>Subtotal (A)</b>	<b>340.00</b>	<b>-</b>
Interest received on SGM- BBPS investments	20.03	-
Less: SGM Expenses (bank charges)	(0.89)	-
Less: salary expense of SGM adjusted against income	(3.66)	-
Less: Income Tax	(5.41)	-
<b>Subtotal (B)</b>	<b>10.07</b>	<b>-</b>
<b>SGM-BBPS balance at the end (A+B)</b>	<b>350.07</b>	<b>-</b>

### 2.18 Long Term Provisions

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Provision for Gratuity	135.89	86.07
Provision for Leave encashment	487.95	41.86
<b>Total</b>	<b>623.84</b>	<b>127.93</b>

### 2.19 Deferred Tax Liabilities (net)

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
<b>Deferred Tax Liability</b>		
Fixed Assets	2,728.83	2,537.70
Future Minimum lease obligations	(17.66)	(27.64)
<b>Deferred Tax Asset</b>		
Share Issue Expenses	(3.84)	(7.68)
Income Tax on OCI	(37.33)	(14.38)
<b>Total</b>	<b>2,670.00</b>	<b>2,488.00</b>

## Significant Accounting Policies and Notes to Accounts

### 2.20 Other non-current liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Security Deposit	1.00	1.00
Future Minimum lease obligations	45.36	36.11
<b>Total</b>	<b>46.36</b>	<b>37.11</b>

### Obligations on long-term, non-cancellable operating leases

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	5.17	42.99
Later than 1 year and not later than 5 years	45.36	36.11
Later than 5 years	-	-
<b>Total</b>	<b>50.53</b>	<b>79.10</b>

### Current Liabilities

#### Financial Liabilities (current)

### 2.21 Trade Payables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Sundry Creditors	1,732.33	3,012.61
<b>Total</b>	<b>1,732.33</b>	<b>3,012.61</b>

### 2.22 Other Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
Statutory Liabilities <sup>#</sup>	2,674.74	1,588.54
Advance for Centralised Promotion of IMPS (Net)*	7.90	7.90
Service Charges (Network) received in advance	108.56	-
Security Deposit	1.64	3.26
Other Payables (DFS Cash back)	271.96	25.39
Earnest Money Deposit	157.00	87.50
<b>Total</b>	<b>3,221.80</b>	<b>1,712.59</b>

<sup>#</sup>Statutory liabilities: It consists of amount payable towards TDS, Provident Fund, Profession tax, etc.

## Significant Accounting Policies and Notes to Accounts

### \*Advance for centralised promotion of IMPS (net)

The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount as at 31st March 2019 is as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Opening balance	7.90	7.90
Less : expenses towards centralised promotion of IMPS	-	-
<b>Closing Balance</b>	<b>7.90</b>	<b>7.90</b>

### 2.23 Provisions

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Provision for Expenses	13,900.74	9,616.87
Provision for Leave Encashment	19.85	-
Future Minimum lease obligations	5.17	42.99
<b>Total</b>	<b>13,925.76</b>	<b>9,659.86</b>

The movement in the provision for expenses is as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Balance at the beginning of the year	9,616.87	4,543.70
Provision during the year	12,956.74	8,705.28
Less : Provision utilised / reversed	(8,672.87)	(3,632.11)
<b>Balance at the end of the year</b>	<b>13,900.74</b>	<b>9,616.87</b>

### 2.24 Current tax liabilities (Net)

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Provision for Tax - FY 2018-19(Net)	1,379.53	-
Provision for Tax - FY 2009-10 (Net)	113.51	113.51
Provision for Tax - FY 2010-11 (Net)	565.91	565.91
<b>Total</b>	<b>2,058.95</b>	<b>679.42</b>

### Income Taxes

Income Tax expense in the statement of Income and Expenditure comprises:

Particulars	(Amount ₹ in Lakh)	
	Year ended 31st March 2019	Year ended 31st March 2018
Current taxes	16,900.00	12,400.00
Deferred taxes	204.94	(42.20)
<b>Income Tax expenses</b>	<b>17,104.94</b>	<b>12,357.80</b>

## Significant Accounting Policies and Notes to Accounts

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March 2019:

Particulars	(Amount ₹ in Lakh)	
	Year ended 31st March 2019	Year ended 31st March 2018
Surplus before tax	47,763.89	35,185.34
Applicable tax rate	34.94	34.61
Computed expected tax expense	16,690.61	12,177.65
<b>Items of Income not to offer for tax</b>	<b>(12.59)</b>	<b>(8.80)</b>
Interest income on security deposits(FV)	(13.59)	(10.20)
Increase in Interest on G Sec-EIR	1.00	1.40
<b>Items of expense not deductible for tax purposes:</b>	<b>515.75</b>	<b>166.19</b>
Provision for straight lining of leases reversed	(9.98)	(25.65)
Staff cost	-	0.10
Rental expenses (security deposits)	13.06	10.48
CSR expenses	135.27	22.26
Other disallowance - gratuity and leave encashment provisions and others	377.40	159.00
<b>Items of expense deductible for tax purposes:</b>	<b>(294.75)</b>	<b>64.85</b>
Excess depreciation as per Income Tax	(290.91)	68.65
1/5th amortisation of share issue expenses	(3.84)	(3.80)
<b>Total</b>	<b>16,899.02</b>	<b>12,399.89</b>
Tax loss on which DTA is not recognised	-	-
<b>Tax expense recognised during the year</b>	<b>16,899.02</b>	<b>12,399.89</b>
<b>Rounded off</b>	<b>16,900.00</b>	<b>12,400.00</b>

The applicable Indian Statutory tax rate for financial year 2019 is 34.944%

The tax effects of significance temporary differences that resulted in deferred tax Assets and liabilities are as follows:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
<b>Deferred Tax Liability</b>		
Fixed Assets	2,728.83	2,537.70
<b>Deferred Tax Asset</b>		
Future minimum lease obligation	(17.66)	(27.64)
Share issue expenses	(3.84)	(7.68)
Income Tax on OCI	(37.33)	(14.38)
<b>Total</b>	<b>2,670.00</b>	<b>2,488.00</b>

## Significant Accounting Policies and Notes to Accounts

### 2.25 Revenue from operations:

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Income from Payment services	82,558.89	59,191.08
Certification income	1,127.00	1,623.98
Network income	2,052.32	2,742.35
Other operating income*	4,418.85	4,187.24
<b>Total</b>	<b>90,157.06</b>	<b>67,744.65</b>

\*Includes Compliance fees, Membership fees, Income from International alliances, Hologram charges, card fees, etc.

### 2.26 Other Income

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Interest Income on deposits	4,379.42	3,207.77
Interest Income on Govt Securities / GOI BOND	1,219.78	1,038.71
Interest Income on Bonds - NABARD	-	23.26
Interest Income on earmarked fund (NFS) SGM	672.46	354.21
Interest Income on earmarked fund (IMPS) SGM	681.71	329.17
Interest Income on earmarked fund (BBPS) SGM	20.03	-
Income from T Bill	170.91	-
Interest on Income Tax Refund AY 2017-18*	608.68	-
Reversal of Provision for Expenses	-	128.51
Liquidated damages	89.19	19.92
Other Miscellaneous Income	16.89	21.22
<b>Total</b>	<b>7,859.07</b>	<b>5,122.77</b>

\*As the Company has received intimation under Section 143(1) (a) of the Income Tax Act, 1961 from the Central Processing Centre, Bengaluru. As per the intimation refund of ₹ 5,866.04 along with interest of ₹ 608.68 lakh is processed. The said intimation and the refund is likely to be reversed in future when actual assessment order passed by officer for the said assessment.

### 2.27 Operating Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Annual Maintenance Charges - IT Equipment	3,725.00	3,076.00
Network Expenses	1,731.73	1,519.07
Testing & Certification Charges	613.27	908.12
Data Centre Rentals	774.49	585.77
Data Centre Power & Fuel	686.36	427.81
IIN fees written off	236.00	-
<b>Total</b>	<b>7,766.85</b>	<b>6,516.77</b>

## Significant Accounting Policies and Notes to Accounts

### 2.28 Employee Benefits Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Salary & Allowances	12,197.68	10,524.79
Contribution to Employee Benefits	616.33	531.10
Staff Welfare	333.31	302.54
Outsourcing Cost	1,714.82	1,532.02
<b>Total</b>	<b>14,862.14</b>	<b>12,890.45</b>

#### 2.28.1 Gratuity and leave encashment

The Gratuity and Leave Encashment Scheme of the Company are funded with LIC of India in the form of qualifying insurance policy. The disclosure is based on Actuarial Valuation based on details provided by LIC of India.

The summarized position of post-employment benefits is recognized in the Income and expenditure account and Balance Sheet are as under:

#### Gratuity Plan

(Amount ₹ in Lakh)

Net asset / (liability) recognised in the Balance Sheet	As at 31st March 2019	As at 31st March 2018
Present value of obligation	(579.86)	(402.41)
Fair value of plan Assets	443.97	316.34
Funded status - (surplus) /deficit	(135.89)	(86.07)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(135.89)</b>	<b>(86.07)</b>

(Amount ₹ in Lakh)

Amount recognised in the statement of Income and Expenditure account	Year ended 31st March 2019	Year ended 31st March 2018
Current service cost	132.67	101.85
Interest cost	28.76	19.21
Expected return on plan asset	(22.14)	(16.70)
Past service cost	-	19.53
<b>Total expense / (income) charged to Income and Expenditure account</b>	<b>139.29</b>	<b>123.89</b>

(Amount ₹ in Lakh)

Reconciliation of amounts in Balance Sheet	As at 31st March 2019	As at 31st March 2018
Opening net defined benefit liability / (asset)	86.07	53.13
Total expense (income) recognised in Income and Expenditure	139.29	123.90
Actual employer contribution	(155.13)	(94.90)
Total re-measurements recognised in other comprehensive income/(loss)	65.65	3.95
<b>Liability / (Asset) recognised in the Balance sheet</b>	<b>135.88</b>	<b>86.07</b>

## Significant Accounting Policies and Notes to Accounts

### 2.28.1 Gratuity and leave encashment (Contd..)

(Amount ₹ in Lakh)

Change in present value of obligation during the period	As at 31st March 2019	As at 31st March 2018
Present value of obligation at the beginning of the year	402.41	294.26
Current service cost	132.67	101.85
Interest cost	28.76	19.21
Actuarial (gain) / loss on obligation	64.69	(5.52)
Benefits paid	(48.68)	(26.92)
Past service cost	-	19.53
<b>Present value of obligation at the end of the year</b>	<b>579.85</b>	<b>402.41</b>

(Amount ₹ in Lakh)

Change in fair value of Plan Assets during the period	As at 31st March 2019	As at 31st March 2018
Fair value of plan Assets at the beginning of the year	316.34	241.14
Expected return on plan Assets	22.14	16.70
Contributions made	155.13	94.90
Benefits paid	(48.68)	(26.93)
Actuarial gain / (loss) on plan Assets	(0.95)	(9.47)
<b>Fair value of plan Assets at the end of the year</b>	<b>443.98</b>	<b>316.34</b>

(Amount ₹ in Lakh)

Amount recognised in other comprehensive income	As at 31st March 2019	As at 31st March 2018
Opening amount recognised in OCI	41.15	27.67
Re-measurements due to :		
Effect of change in financial assumption	8.53	(12.71)
Effect of experience adjustments	56.17	7.19
Adjustment due to migration from IGAAP to IND-AS	-	9.53
<b>Actuarial (gain) / losses</b>	<b>64.70</b>	<b>(5.52)</b>
Return on plan Assets (excluding interest)	0.95	(9.47)
<b>Total re-measurements recognised in OCI</b>	<b>65.65</b>	<b>3.95</b>
<b>Amount recognised in OCI at the end of the period</b>	<b>106.80</b>	<b>41.15</b>
<b>Actuarial assumptions</b>		
Discount rate	7.25%	7.50%
Expected rate of return on Assets	7.25%	7.00%
Employee Attrition Rate	13.00%	13.00%
Future salary increases consider inflation, seniority promotion	6.00%	6.00%

## Significant Accounting Policies and Notes to Accounts

### 2.28.1 Gratuity and leave encashment (Contd..)

#### Leave Encashment Plan

(Amount ₹ in Lakh)

Net Asset / (Liability) recognised in the Balance Sheet	As at 31st March 2019	As at 31st March 2018
Present value of obligation	577.07	247.79
Fair value of plan Assets	(69.27)	(205.93)
Net funded obligation	507.80	41.86
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>507.80</b>	<b>41.86</b>

(Amount ₹ in Lakh)

Amount recognised in the statement of Income and Expenditure account	Year ended 31st March 2019	Year ended 31st March 2018
Current service cost	84.48	74.66
Interest cost	13.15	14.41
Net actuarial (gain) / loss recognised during the year	378.86	(9.01)
Expected return on plan asset	(10.02)	(8.33)
<b>Total expense / (income) charged to Income and Expenditure account</b>	<b>466.47</b>	<b>71.73</b>

(Amount ₹ in Lakh)

Reconciliation of net defined benefit liability / (asset)	As at 31st March 2019	As at 31st March 2018
Opening net defined benefit liability / (asset)	41.86	203.41
Total expense (income) recognised in Income and Expenditure account	466.45	71.73
Actual employer contribution	(0.51)	(233.28)
<b>Liability / (asset) recognised in the Balance sheet</b>	<b>507.80</b>	<b>41.86</b>

(Amount ₹ in Lakh)

Change in present value of obligation during the year	As at 31st March 2019	As at 31st March 2018
Present value of obligation at the beginning of the year	247.79	246.49
Current service cost	84.48	74.66
Interest cost	13.15	14.41
Actuarial (gain) / loss on obligation	376.70	(6.41)
Benefits paid	(145.04)	(81.36)
<b>Present value of obligation at the end of the year</b>	<b>577.08</b>	<b>247.79</b>

(Amount ₹ in Lakh)

Change in Assets during the year	As at 31st March 2019	As at 31st March 2018
Fair value of plan Assets at the beginning of the year	205.93	43.08
Expected return on plan Assets	10.02	8.33
Contributions made	0.51	233.28
Benefits paid	(145.04)	(81.35)
Actuarial gain / (loss) on plan Assets	(2.16)	2.59
<b>Fair value of plan Assets at the end of the year</b>	<b>69.26</b>	<b>205.93</b>

## Significant Accounting Policies and Notes to Accounts

### 2.28.1 Gratuity and leave encashment (Contd..)

Actuarial assumptions	As at 31st March 2019	As at 31st March 2018
Discount rate	7.25%	7.50%
Expected rate of return on Assets	7.50%	7.50%
Employee attrition rate	13.00%	13.00%
Future salary increases consider inflation, seniority promotion	6.00%	6.00%
Retirement age	60 years	60 years

### 2.29 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Rent, Rates & Taxes	1,275.18	1,134.67
Travelling & Conveyance Expenses	471.70	563.49
Computer Consumables	64.89	89.89
Housekeeping charges	148.22	170.64
Travel Expenses - Overseas	97.67	136.23
Electricity	144.27	131.55
Meeting Expenses	115.46	105.59
Telephone & Communication Expenses	105.77	94.05
Security Charges	93.82	88.08
Office Maintenance	86.92	86.11
Sitting Fees to Directors	41.60	82.47
Travel Expenses - Directors	35.10	43.00
Internet Expenses - Directors	0.30	2.10
Insurance- Cyber, Asset & Others	195.58	75.09
Repair & Maintenance Charges	42.96	37.45
Printing & Stationery	29.10	33.97
Hire & Rental Equipment	5.45	25.63
Internal Audit Fees	19.60	19.01
Postage & courier	13.47	11.84
Staff Relocation Expenses	7.14	11.67
Bank Charges	6.03	3.57
Employer - Profession Tax	0.18	0.04
<b>Total</b>	<b>3,000.41</b>	<b>2,946.14</b>

### 2.30 Depreciation and amortisation expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Depreciation on tangible Assets (note 2.1)	4,257.47	3,032.05
Depreciation on intangible Assets (note 2.3)	4,959.39	3,756.47
<b>Total</b>	<b>9,216.86</b>	<b>6,788.52</b>

### 2.31 Other Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Professional Fees	1,824.50	1,448.77
Insurance – RuPay card*	1,816.89	1,366.08
Marketing Expenses	6,806.91	1,291.79

## Significant Accounting Policies and Notes to Accounts

### 2.31 Other Expenses (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
POS enablement- International Alliance	700.54	1,203.08
Advertisement / Promotion Expenses	1,552.73	1,064.41
Paper to Follow - CTS Charges	1,041.07	780.34
Training and Seminar	219.47	203.90
Software & IT Expenses	80.49	196.30
Membership fees/Subscription fees	340.12	186.24
Processing fees - Line of Credit	398.39	169.69
Recruitment Expenses	122.37	117.31
AePS Transaction Expenses -UIDAI	-	111.36
Foreign Exchange gain /loss	11.17	74.53
Contribution to CSR activities**	387.12	64.32
Escrow Agency fees	-	23.36
Conference / Seminar /Study Visit - International	2.29	20.05
Asset written off	4.85	21.36
Other Write off	1.02	0.36
Corporate Communication expenses	-	11.23
Auditor's Remuneration***	7.15	6.86
Tax Audit fees	1.20	1.00
License fees	3.00	-
Miscellaneous Expenses	84.70	177.86
<b>Total</b>	<b>15,405.98</b>	<b>8,540.20</b>

\* Insurance – RuPay card consist of premium paid for providing accidental insurance coverage for RuPay card holder.

#### \*\*Contribution to CSR activities:

The Company contributes 2% of the Net surplus after tax to Corporate Social Responsibility (CSR) activities as per provisions of the Companies Act, 2013. The amount spent on Corporate Social Responsibility (CSR) activities are based on the approvals received from the Corporate Social Responsibility (CSR) Committee.

- Gross amount required to be spent by the Company during the year is ₹ 525.98 lakh.

(Amount ₹ in Lakh)

Amount spent during the year :	Amount paid	Amount yet to be paid	Total
i) Construction / acquisition of any asset	-	-	-
ii) On purpose other than (i) above	387.12	-	387.12

#### \*\*\*Auditor's remuneration

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Statutory audit fees	3.50	4.50
Audit fees for limited review	2.25	2.02
GST Audit Fees	1.25	-
Out of pocket expense	0.15	0.34
<b>Total</b>	<b>7.15</b>	<b>6.86</b>

## Significant Accounting Policies and Notes to Accounts

### 2.32 Earnings per share

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Net surplus as per statement of Income and Expenditure	30,616.24	22,825.10
Weighted average number of equity shares	133.86	133.86
<b>EPS :</b>		
(1) Basic EPS (face value ₹ 100 per equity share)	228.71	170.51
(2) Diluted EPS (face value ₹ 100 per equity share)	228.71	170.51

### 2.33 Related party disclosures

#### Name of KMP / Related parties:

Key Managerial Personnel	Particulars	Date of appointment	Date of Retirement / cessation
Mr. Biswamohan Mahapatra	Chairman	8-Feb-18	-
Mr. Sudarshan Sen	Nominee Director from Reserve Bank of India	20-Mar-18	2-Apr-19
Ms. Rama Bijapurkar	Independent Director	22-Jan-15	-
Mr. Satish Pradhan	Independent Director	4-Mar-15	-
Prof. G. Sivakumar	Independent Director	21-Jun-16	-
Dr. Santanu Paul	Independent Director	9-Nov-16	-
Dr. Amitha Sehgal	Independent Director	26-Dec-18	-
Ms. Anuradha Rao	Nominee Director from State Bank of India	11-Oct-18	-
Mr. Mrutyunjay Mahapatra	Nominee Director from State Bank of India	12-Jun-18	1-Oct-18
Ms. Padmaja Chunduru	Nominee Director from State Bank of India	8-Jan-18	12-Jun-18
Mr. Mayank Mehta	Nominee Director from Bank of Baroda	31-Aug-16	25-Sep-18
Mr. Raj Kamal Verma	Nominee Director from Union Bank of India	28-Jun-17	4-Oct-18
Mr. Ambrish Mishra	Nominee Director from Punjab National Bank	8-Jan-18	2-Apr-19
Mr. Ajay Kumar Kapoor	Nominee Director from HDFC Bank	20-Mar-18	-
Mr. B. Madhivanan	Nominee Director from ICICI Bank	9-Nov-16	-
Mr. Gautam Viswanathan	Nominee Director from HSBC	27-Feb-19	-
Mr. Divyesh Dalal	Nominee Director from HSBC	1-Nov-18	27-Feb-19
Ms. Mridula Iyer	Nominee Director from Citibank N.A.	17-May-18	3-Oct-18
Ms. Debopama Sen	Nominee Director from Citibank N.A.	25-Jul-13	19-Apr-18
Mr. Rajiv Anand	Nominee Director from Axis Bank	9-Nov-16	-
Mr. Premnath Salian	Nominee Director from Abhyudaya Co-operative Bank Limited	1-Nov-18	-
Mr. D.P. Gupta	Nominee Director from Baroda Uttar Pradesh Gramin Bank	1-Nov-18	-
Ms. S. M. Sandhane	Nominee Director from Saraswat Bank	9-Nov-16	3-Oct-18
Mr. Nagesh G. Vaidya	Nominee Director from Kerala Gramin Bank	17-May-18	3-Oct-18
Mr. Ravikrishnan MK	Nominee Director from Kerala Gramin Bank	28-Jun-17	20-Apr-18
Mr. A.S. Rajeev	Nominee Director from Indian Bank	16-Mar-17	3-Oct-18
Key Managerial Personnel of the Company	Designation	Date of appointment	Date of Retirement/ cessation
Mr. Dilip Asbe	Managing Director & CEO	8-Jan-18	-
Mr. Sanjay Saxena	Chief Financial Officer	1-Apr-14	-
Ms. Priyanka Agrawal	Company Secretary	17-May-18	-

## Significant Accounting Policies and Notes to Accounts

Name of related parties	Relationship
Andhra Bank	Entity with common director
Axis Bank Limited	Entity with common director
Bank of Baroda	Entity with common director
C-Edge Technologies Limited	Entity with common director
ICICI Bank Limited	Entity with common director
Indian Institute of Banking & Finance	Entity with common director
Kerala Gramin Bank	Entity with common director
Mahindra & Mahindra Financial Services Limited	Entity with common director
National Securities Depository Limited	Entity with common director
NSDL Payments Bank Limited	Entity with common director
RBL Bank Limited	Entity with common director
Swift India Domestic Services Private Limited	Entity with common director
The Clearing Corporation of India Limited	Entity with common director
Ujjivan Small Finance Bank Limited	Entity with common director
Union Bank of India	Entity with common director

### Transactions with related parties

The details of related party transactions entered into by the Company for the year ended 31st March 2019 are as below:

(Amount ₹ in Lakh)

Name of related party	Nature of transaction	Year ended 31st March 2019	Year ended 31st March 2018
Axis Bank Limited	Receiving of services	63.72	15.00
Union Bank of India	Receiving of services	-	23.50
Aditya Asit Mehta	Receiving of services	-	1.20
Indian Institute of Banking & Finance	Receiving of services	3.50	2.00
Institute for Development and Research in Banking Technology	Receiving of services	-	83.14
National Securities Depository Limited	Receiving of services	-	0.38
Pentation Analytics Pvt Ltd	Receiving of services	-	60.10
Andhra Bank	Receiving of services	47.08	-
ICICI Bank Limited	Receiving of services	230.50	-
Andhra Bank	Rendering of services	1,788.23	-
Axis Bank Limited	Rendering of services	5,947.30	3,847.54
Bandhan Bank	Rendering of services	-	222.16
Bank of Baroda	Rendering of services	1,326.36	2,367.07
C-Edge Technologies Limited	Rendering of services	9.05	-
ICICI Bank Limited	Rendering of services	1,789.06	-
National Securities Depository Limited	Rendering of services	0.99	-
Kerala Gramin Bank	Rendering of services	0.55	15.67
Mahindra & Mahindra Financial Services Limited	Rendering of services	2.10	2.77
RBL Bank Limited	Rendering of services	669.28	468.11
Ujjivan Small Finance Bank Limited	Rendering of services	68.00	9.63
Union Bank of India	Rendering of services	1,222.84	1,697.58
Jio Payment Bank	Rendering of services	-	21.00
Pentation Analytics Pvt Ltd	Rendering of services	-	0.12
NSDL Payments Bank Limited	Rendering of services	6.06	8.06
<b>Total</b>		<b>13,174.62</b>	<b>8,845.03</b>

## Significant Accounting Policies and Notes to Accounts

Details of amounts due to or due from related parties as at 31st March 2019.

Amount payable to related parties:

(Amount ₹ in Lakh)

Name of related party	Nature of Balances	As at 31st March 2019	As at 31st March 2018
Andhra Bank	Deposit	620.30	-
National Securities Depository Limited	Deposit	1.00	-
NSDL Payments Bank Limited	Deposit	10.00	-
Axis Bank	Deposit	3,541.99	975.62
Bandhan Bank	Deposit	-	11.00
Bank of Baroda	Deposit	-	115.54
Kerala Gramin Bank	Deposit	-	5.00
Mahindra & Mahindra Financial Services	Deposit	1.00	1.00
RBL Bank Ltd	Deposit	800.61	1,035.61
Ujjivan small Finance Bank Ltd	Deposit	57.72	24.88
Union Bank of India	Deposit	-	36.51
Jio Payments Bank	Deposit	-	5.00
ICICI Bank Ltd	Deposit	4,416.60	-
ICICI Bank Ltd	Trade payable	35.47	-
Indian Institute of Banking and Finance	Trade payable	-	0.35
<b>Total</b>		<b>9,484.69</b>	<b>2,210.51</b>

Amount receivable from related parties

(Amount ₹ in Lakh)

Name of related party	Nature of Balances	Year ended 31st March 2019	Year ended 31st March 2018
Andhra Bank	Trade receivable	28.86	-
C-Edge Technologies Limited	Trade receivable	14.92	-
ICICI Bank Limited	Trade receivable	151.48	-
Axis Bank Limited	Trade receivable	135.74	28.91
Bandhan Bank	Trade receivable	-	0.13
Bank of Baroda	Trade receivable	123.61	79.49
Kerala Gramin Bank	Trade receivable	0.95	2.56
Mahindra & Mahindra Financial Services Limited	Trade receivable	2.11	0.89
RBL Bank Limited	Trade receivable	-	8.15
Ujjivan Small Finance Bank Limited	Trade receivable	0.57	0.04
Union Bank of India	Trade receivable	-	15.09
Jio Payment Bank	Trade receivable	-	29.09
NSDL Payments Bank Limited	Trade receivable	-	0.59
<b>Total</b>		<b>458.24</b>	<b>164.94</b>

Transactions with key managerial personnel

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Sitting fees	41.60	82.47
Honorarium fees	3.60	8.90
<b>Total</b>	<b>45.20</b>	<b>91.37</b>

## Significant Accounting Policies and Notes to Accounts

The details of amounts due to key managerial personnel as at 31st March 2019:

Name of key managerial personnel	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Prof. G. Sivakumar	-	0.20

Compensation to key management personnel of the Company:

Particulars	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
Short term employee benefits	199.70	234.13
Post-employment benefits*	-	24.89
Other long term benefits	-	50.00
<b>Total</b>	<b>199.70</b>	<b>309.02</b>

\*The above Post-employment benefit excludes gratuity provision which cannot be separately identified from the composite amount advised by actuary.

### 2.34 Segment Reporting

Operating segment/s are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. The Company's Chief Operating Decision Maker (CODM) is the Managing Director and Chief Executive Officer. The Company has only one identified business segments (industry practice) namely "Payments Systems".

The Financial Statements itself may be considered to be the segment result as per disclosure requirement of Indian Accounting Standard 108 issued by The Institute of Chartered Accountant of India.

### 2.35 Contingent liabilities and commitments

Contingent liabilities and commitments (to the extent not provided for)	(Amount ₹ in Lakh)	
	As at 31st March 2019	As at 31st March 2018
<b>(i) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	26,943.12	26,583.88
(b) Revenue commitments	16,644.09	7,092.96
<b>Sub total</b>	<b>43,587.21</b>	<b>33,676.84</b>
<b>(ii) Contingent liabilities on account of tax demand</b>		
Income Tax demand for AY 2010-2011	301.28	301.28
Income Tax demand for AY 2011-2012	183.27	183.27
Income Tax demand for AY 2012-2013	551.72	551.72
Income Tax demand for AY 2013-2014	444.80	444.80
Income Tax demand for AY 2015-2016	467.50	1,806.87
Income Tax demand for AY 2016-2017	1,304.48	-
<b>Sub total</b>	<b>3,253.05</b>	<b>3,287.94</b>
<b>(iii) Contingent liabilities – other matters</b>		
<b>Sub total</b>	<b>2,597.00</b>	<b>2,597.00</b>
<b>Total</b>	<b>49,437.26</b>	<b>39,561.78</b>

# Significant Accounting Policies and Notes to Accounts

## Contingent Liability for Income Tax:

The Company is registered under Section 25 of the Companies Act, 1956 (now Sec 8 company as per Companies, Act 2013) it is eligible to claim exemption u/s. 11 and 12 of the Income Tax Act, 1961 and hence the Management has not provided for additional demand raised by Income Tax authorities during assessment / penalty proceedings although it is providing for Income Tax on a conservative basis.

There are tax demand arising due to Assessment order u/s 143 (3), disallowing the claim of exemption u/s 11 and 12 and section 13(1) (c) (ii) of the Income Tax Act, 1961 and/or due to penalty proceedings u/s 271(1) (C). The Company then filed an appeal at various appellate authorities such as Commissioner of Income Tax (Appeals)/Income Tax Appellate Tribunal which is discussed in detail below. The Contingent liability is calculated for A.Y. 2010-2011 to AY 2015-16. For AY 2014-2015 and AY 2017-18 the tax provisions in Books of Accounts are more than demand raised as per Assessment Order u/s 143(3) of Income Tax Act, 1961, hence no contingent liability is shown in the Books for A.Y. 2014-2015 and AY 2017-18.

### Assessment Year 2010-11:

The Contingent liability for A.Y. 2010-11 amounts to ₹ 301.28 lakh on account of difference between the demand for tax of ₹ 332.02 lakh and demand for penalty as per order u/s 271(1)(c) of ₹ 309.26 lakh by the revenue authority against provision in the Books of Accounts of ₹ 340.00 lakh. While passing assessment order, the Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, Moreover the Assessing Officer while computing the Total Income has not allowed the deductions otherwise available to the Company. The Commissioner of Income Tax (Appeals) has disposed off the appeal against the Company. The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the CIT (A) order. The hearing for the said appeal has commenced and the decision is expected in due course of time. Penalty proceedings u/s 271(1)(c) initiate and demand notice u/s 156 amounting to ₹ 309.26 lakh along with penalty order dated 28<sup>th</sup> March 2016 have been received on 31<sup>st</sup> March 2016. The Company has filed an appeal against the said order with the Commissioner of Income Tax (Appeals), Mumbai.

### Assessment Year 2011-12:

The Contingent liability for A.Y. 2011-12 amounts to ₹ 183.27 lakh is on account of difference between the tax demand by the revenue authority of ₹ 1,623.27 lakh against provision in the books of accounts of ₹ 1,440.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s. 11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act and other deductions. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai. The hearing for the said Appeal is yet to commence.

### Assessment Year 2012-13:

The Contingent liability for A.Y. 2012-13 amounts to ₹ 551.72 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 1,331.72 lakh against provision in the books of accounts of ₹ 780.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s. 11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act and Minimum Alternate Tax (MAT). The Company has filed an appeal against the said order with the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals) has disposed off the appeal against the Company. The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the CIT(A) order. The hearing for the said appeal has commenced and the decision is expected in due course of time.

### Assessment Year 2013-14:

The Contingent liability for A.Y. 2013-14 amounts to ₹ 444.80 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 1,670.20 lakh against provision in the books of accounts of ₹ 1,225.40 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act and MAT credit. Assessment order received dated 26<sup>th</sup> March 2016 along demand notice u/s 156 amounting to ₹ 367.30 lakh. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

# Significant Accounting Policies and Notes to Accounts

## Assessment Year 2015-16:

The Contingent liability for A.Y. 2015-16 amounts to ₹ 467.50 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 5,767.50 lakh as per Rectification Order us 154 dated 28<sup>th</sup> Feb, 2019 against provision in the books of accounts of ₹ 5,300.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

## Assessment Year 2016-17:

The Contingent liability for A.Y. 2016-17 amounts to ₹ 1,304.48 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 7,704.48 lakh against provision in the books of accounts of ₹ 6,400.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act. Assessment order received dated 30<sup>th</sup> Nov, 2018 along with demand notice u/s 156 amounting to ₹ 5,684.72 lakh. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

## Contingent liabilities – other matters

One of the customers namely Bank of Maharashtra using a payment service namely Unified Payment Interface (UPI) has faced a fraud of ₹ 2,597 lakh due to a technical glitch in the software developed by third party which has been subsequently rectified by the Bank. The said Bank has taken various step for recovery of the amount from fraudulent customers. In some of the correspondence with the Company the bank has asked for sharing the fraud amount on a pro-rata basis if not wholly. The Company through its various correspondence has made it clear that the loss to the bank was on account of technical glitch at the bank and the third party vendor end. The Company has no liability whatsoever for the loss suffered by the bank and hence is not required to make any provision in books of account and the management is confident that no claim will arise on the company. As a matter of conservative reporting the Company has stated an amount of ₹ 2,597 lakh as contingent liability above.

## 2.36 Status of legal cases (other than Income Tax)

The company has been made party to certain legal cases in various forums, which are as follows:

Court /Region	No of Case
District Consumer Dispute Redressal Forum Raigarh, Chhattisgarh	1
State Commission , Mumbai, Maharashtra	1
The Central Information Commission, New Delhi	1
High Court of Madhya Pradesh at Jabalpur, Bench at Indore	1

## Significant Accounting Policies and Notes to Accounts

### 2.37 Expenditure in foreign currency

#### 2.37.1 Value of import of services

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Software license	740.22	715.22
Computers and Printers	8.01	-
<b>Total</b>	<b>748.23</b>	<b>715.22</b>

#### 2.37.2 Revenue expenditure in foreign currency

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Foreign travel expenses (diem allowance)	46.40	54.07
AMC software	147.89	58.04
Books and periodicals	-	0.30
Conference / seminar / study visit	1.10	-
Email hosting charges	-	11.54
Escrow agent fees / professional fees	1.70	82.82
Subscription and membership fees	56.93	48.59
Training and seminar	8.56	4.16
Foreign exchange loss	11.17	4.64
Advertising and Publicity	20.00	-
<b>Total</b>	<b>293.75</b>	<b>264.16</b>

#### Accounting for foreign currency transaction:

Expenditure in foreign currency are recorded in rupees by applying to the foreign currency amount the exchange rate at the time of transaction. Exchange rate differences consequent to settlement are recognised as income / expenditure.

### 2.38 Details of dues to micro, small and medium enterprises as defined in MSMED Act, 2006.

Information related to Micro, Small and Medium Enterprises Development Act, 2006 (the Act) is disclosed hereunder. The information given below has been determined to the extent such parties have been identified on the basis of information available with the Company.

(Amount ₹ in Lakh)

Particulars	As at 31st March 2019	As at 31st March 2018
a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	0.04	-
(ii) Interest due on above	-	-
<b>Total</b>	<b>0.04</b>	<b>-</b>
b Amount of Interest paid by the buyer in terms of Section 15 of the Act, along with amount of payment made beyond the appointed date during the year.	-	-
c Amount of interest accrued and remaining unpaid at the end of the financial year.	-	-
d Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) buy without adding the interest specified under the Act.	-	-
e Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

# Significant Accounting Policies and Notes to Accounts

## 2.39 Provision for tax

The Company was incorporated as a 'Not for Profit Company' under Section 25 of the Companies Act, 1956 and was granted registration under Section 12AA of the Income Tax Act, 1961 by the Office of Director of Income Tax (Exemptions). The Company was granted license by RBI under Payment and Settlement Systems Act, 2007 to operate the Retail Payment System in India.

As per Memorandum and Articles of Association of the Company, no objects shall be carried out on a commercial basis. The Management is of the view that the income received while implementing the Retail Payment System is only incidental as the Company has not carried out the same on commercial basis. However, as a matter of prudence, the Management had decided to pay Income Tax and claim refund of the tax paid. In view of the same, the Management had decided to make a provision towards tax liability. Accordingly, an amount of ₹ 16,900.00 lakh has been provided for the year ended 31st March 2019, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax expense of ₹ 204.94 lakh as per the provision of Accounting Standard.

## 2.40 Ind AS-115 - Revenue from Contract with Customers

On 28<sup>th</sup> March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind-AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch - up approach - Under this approach the standard will be applied retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The effective date for adoption of Ind AS-115 is financial periods beginning on or after 1st April 2018. The Company will adopt the standard on 1st April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31st March 2018 will not be retrospectively adjusted. The effect on adoption of Ind-AS 115 is expected to be insignificant.

2.41 Previous year's figures have been regrouped, reclassified & rearranged to conform to current period presentation wherever necessary.

As per our report attached

For **S. C. Mehra & Associates LLP**

Chartered Accountants

Registration No. 106156W/W100305

**CA Manoj Chaubey**

Membership No: 109477

Partner

For and on behalf of Board of Directors

**Biswamohan Mahapatra**

Chairman

**Dr. Santanu Paul**

Director

**Dilip Asbe**

Managing Director & CEO

**Sanjay Saxena**

Chief Financial Officer

Place: Mumbai

Date : 16th May 2019

**Priyanka Agrawal**

Company Secretary