FINANCIAL STATEMENTS

Independent Auditors' Report

To

The Members of
National Payments Corporation of India

Report on the Audit of the Ind AS Standalone Financial Statements

Opinion

We have audited the accompanying Ind AS standalone financial statements of NATIONAL PAYMENTS CORPORATION OF INDIA ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2021, the Standalone Statement of Income & Expenditure, including the statement of Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Statement of cash flow year ended on that date, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Ind AS standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the Standalone state of affairs of the Company as at 31st March 2021, its Standalone profit including other comprehensive income, Standalone changes in equity and its Standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS standalone 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 standalone 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS standalone financial statements under the provisions of the Act and the Rules there under, 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 standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS standalone financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report

Key Audit Matters	Audit Procedures followed to address the key Matters

Litigations and Contingencies
Reasons why the matter was determined to be a key audit matter
The company is subject to income tax related claims which have been disclosed / provided for in the financial statements
Taxation litigation exposures have been identified as a key audit matter due to the timescales involved for resolution and the potential financial impact arising out of these on the financial statements given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures. Further significant management judgement is involved in assessing the exposure of each case and eventual obligation on the company
Refer note 2.22, 2.28 and 2.41 to the Ind AS Standalone financial statements.
	Our audit procedures include the following substantive procedures:
	• Obtained an understanding of key tax matters, and
	• The audit team, along with our internal tax experts:
	  • Read and analysed select key correspondences, external legal opinions/consultations obtained by the company for tax matters
	  • Evaluated and challenged the assumptions made by the company in estimating the current and deferred tax balances;
	  • Assessed company's estimate of the possible outcome of the disputed cases by considering current Favourable Legal Decisions and
	  • Assessed and tested the presentation and disclosures relating to taxes.

Information Other than the Ind AS Standalone Financial Statements and Auditor's Report Thereon

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

Our opinion on the Ind AS standalone 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 standalone 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.

Management's and Board of Directors Responsibility for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS standalone financial statements that give a true and fair view of the Standalone state of affairs, Standalone profit / loss (including other comprehensive income), Standalone statement of changes in equity and Standalone cash flows 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 standalone 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 standalone financial statements, management and Board of Directors 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.

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in Ind AS standalone financial statements made by Management and Board of Directors.

- 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 Ind AS standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS standalone financial statements, including the disclosures, and whether the Ind AS standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS standalone financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 is not applicable to the Company.

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 purpose 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 Standalone Balance Sheet, the Standalone Statement of Income and Expenditure including the Statement of Other Comprehensive Income, Standalone Statement of Changes in Equity the and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Ind AS standalone financial statements comply with the Ind AS 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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 with reference to Ind AS standalone financial statements with reference to these Ind AS standalone financial statements of the Company 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 2021 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 has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 2.41 & 2.42 of Notes to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. In view of there being no amounts required to be transferred to the Investor Education and Protection Fund for the year under audit, the reporting under this clause is not applicable.

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:

Directions issued by C&AG as applicable to the Company for the year 2020-21.

S. No.	Directions	Answer
1.	Whether the company has system in place to process all the accounting transactions through IT system (ERP)? 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.	1) The Company has system in place to process all the accounting transactions through IT systems (ERP) except for the following:- • Recognition and measurement of Lease Liability and right of use and depreciation of right to use asset in accordance with Ind-AS 116 and Recognition and measurement of Financial Assets in accordance with Ind-AS 109. • Function of treasury management is carried through separate software (TMS) which is integrated with the IT system. The entry from the software is posted in the IT system on approval from the authorized person. • HR Related processing of data has been outsourced by the company to a third party. The processed data received by the company is then integrated with the main IT System. • Measurement of Operational Income is done through separate software which is not integrated with the IT system. Recognition of revenue in the IT system is being done through report generated from separate software. Though manual controls are available with respect to the aforementioned functions, they may not suffice and the said functions are required to be routed through IT system.
2.	Whether there are any restructuring of an existing loan or cases of waiver / Write off of debts / loans / Interest etc. made by lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.	Not Applicable Company has not availed any loan.
3.	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.	Not Applicable There are no case of funds received / receivable for specific schemes from Central/state agencies.

Additional directions issued by C&AG as applicable to the Company for the year 2020-21.

S. No.	Directions	Answer
1.	NBFC dealing with digital payment products and services Whether the security controls for digital payments and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18th February 2021?	Management of the Company is of the opinion that said circular shall come into full effect after six months from the day they are placed on the official website of RBI. It is informed that the Company will initiate a detailed compliance assessment by a competent third party such as a Cert-IN empaneled auditor for its products and covering subsidiaries. Currently the Company has started identifying Cert-IN empaneled auditors. The Company will initiate and complete the assessment as per the timelines from 1st May 2021 till 31st July 2021.

S. No.	Directions	Answer
		Further it is informed that 1) The Company analyzed the requirements mentioned in the RBI Master Direction and a detailed point-by point action wise tracker has been drafted and the points were allocated to different teams within NPCI and its subsidiaries to check compliance for their respective domain requirements. Also to review applicability of individual action points to different products and services (independent of the fact that whether the product is digital payment product or non-digital payment product), a product-wise tracker was also drafted to check product level applicability and compliance 2) Members from different teams in the Company and its subsidiaries reviewed the points for their respective products, domains and updated the compliance status based on the current processes followed. Similar activity was carried out by product teams primarily to review the applicability of the requirements based on their mode/channel of business (for e.g. internet banking, mobile application, card payment etc.). This review has been carried out based on the Company's understanding of the requirements.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548
UDIN: 21078548AAAAJN9702

Place: Mumbai
Date: 12th May, 2021

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 2 (f) UNDER 'REPORT ON Other Legal and Regulatory Requirements' section of our report of even date')

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 with reference to Ind AS standalone financial statements of NATIONAL PAYMENTS CORPORATION OF INDIA ("the company") as of 31st March 2021 in conjunction with our audit of the Ind AS standalone 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 with reference to Ind AS standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS standalone financial statements (the "Guidance Notes") 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 Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards, issued by ICAI on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both are 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 with reference to Ind AS standalone financial statements 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 with reference to Ind AS standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS standalone financial statements included obtaining an understanding of internal financial controls with reference to the Ind AS standalone financial statements, 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 Ind AS standalone 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 with reference to the Ind AS standalone financial statements.

Meaning of Internal Financial Controls With reference to Ind AS standalone financial statements

6. A company's internal financial control with reference to Ind AS standalone financial statements 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 with reference to Ind AS standalone financial statements 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 With reference to Ind AS standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to Ind AS standalone financial statements, 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 with reference to Ind AS standalone financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS standalone financial statements 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 the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS standalone financial statements and such internal financial controls with reference to Ind AS standalone financial statements were operating effectively as at 31st March 2021, based on the internal control with reference to Ind AS standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to Ind AS standalone financial statements issued by the Institute of Chartered Accountants of India.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548
UDIN: 21078548AAAAJN9702

Place: Mumbai
Date: 12th May, 2021

Independent Auditors' Report

To

The Members of
National Payments Corporation of India

Addendum to the Report on the Audit of the Ind AS Standalone Financial Statements

This Addendum forms part of the Independent Auditor's report on the Ind AS Standalone Financial Statements dated 12th May 2021 issued for the F.Y 2020-21.This addendum is being issued pursuant to the directives issued by the office of Comptroller and Auditor General of India and accordingly we hereby report the following:

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.

Revised directions issued by C&AG as applicable to the company for the financial year 2020-21.

S. No.	REVISED DIRECTIONS	ANSWER
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	1) The Company has system in place to process all the accounting transactions through IT systems except for the following:- • Recognition and measurement of Lease Liability and right of use and depreciation of right to use asset in accordance with Ind-AS 116 and Recognition and measurement of Financial Assets in accordance with Ind-AS 109. • Function of treasury management is carried through separate software (TMS) which is integrated with the IT system. The entry from the software is posted in the IT system on approval of the authorized person. • HR Related processing of data has been outsourced by the to a third party. The processed data received by the is then integrated with the main IT System. • Measurement of Operational Income is done through separate software which is not integrated with the IT system. Recognition of revenue in the IT system is being done through report generated from separate software. Though manual controls are available with respect to the aforementioned functions, they may not suffice and the said functions are required to be routed through IT system.
2.	Whether there are any restructuring of an existing loan or cases of waiver / Write off of debts / loans/ Interest etc. made by lender to the due to the 's inability to repay the loan? if yes, the financial impact may be stated. **Whether such cases are properly accountant for? (in case, lender is a Government , then its direction is also applicable for statutory auditor of lender)**	Not Applicable They have not availed any loan.
3.	Whether funds **(grants/ subsidy etc)** received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Not Applicable There are no case of funds received /receivable for specific schemes from Central/state agencies.

Additional directions issued by C&AG as applicable to the Company for the year 2020-21.

S. No.	ADDITIONAL DIRECTIONS	ANSWER
1.	NBFC dealing with digital payment products and services Whether the security controls for digital payments and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18th February 2021?	Management of the Company is of the opinion that said circular shall come into full effect after six months from the day they are placed on the official website of RBI. It is informed that the Company will initiate a detailed compliance assessment by a competent third party such as a Cert-IN empaneled auditor for its products and covering subsidiaries. Currently the Company has started identifying Cert-IN empaneled auditors. The Company will initiate and complete the assessment as per the timelines from 1st May 2021 till 31st July 2021. Further it is informed that 1) The Company analyzed the requirements mentioned in the RBI Master Direction and a detailed point-by point action wise tracker has been drafted and the points were allocated to different teams within NPCI and its subsidiaries to check compliance for their respective domain requirements. Also to review applicability of individual action points to different products and services (independent of the fact that whether the product is digital payment product or non-digital payment product), a product-wise tracker was also drafted to check product level applicability and compliance 2) Members from different teams in the Company and its subsidiaries reviewed the points for their respective products, domains and updated the compliance status based on the current processes followed. Similar activity was carried out by product teams primarily to review the applicability of the requirements based on their mode/channel of business (for e.g. internet banking, mobile application, card payment etc.). This review has been carried out based on the Company's understanding of the requirements.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548

Standalone Balance Sheet

as at 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	As at 31-Mar-2021	As at 31-Mar-2020
ASSETS			
Non-Current Assets			
a. Property, Plant & Equipment	2.1	27,799.55	29,008.36
b. Right of Use Assets	2.2	3,641.55	2,802.53
c. Capital Work-In-Progress	2.3	12,602.23	653.30
d. Intangible Assets	2.4	8,426.65	7,519.80
e. Intangible Assets under development	2.5	2,301.57	2,960.00
f. Financial Assets			
i. Investments	2.6	46,627.72	23,091.54
ii. Other Financial Assets	2.7	3,617.18	17,902.05
g. Other Non-Current Assets	2.8	220.93	4,097.74
Total Non-Current Assets		**1,05,237.38**	**88,035.32**
Current Assets			
a. Financial Assets			
i. Investments	2.9	28,597.22	21,043.77
ii. Trade Receivables	2.10	5,759.08	8,129.04
iii. Cash & Cash Equivalents	2.11	26,934.62	10,206.98
iv. Bank balances other than (iii) above	2.12	64,826.00	41,608.01
v. Other Financial Assets	2.13	1,16,728.18	83,297.89
b. Current Tax Assets (net)	2.14	3,841.78	4,174.88
c. Other Current Assets	2.15	12,437.51	6,716.87
Total Current Assets		**2,59,124.39**	**1,75,177.44**
Assets classified as held for Sale		**1,640.99**	**-**
TOTAL ASSETS		**3,66,002.76**	**2,63,212.76**
EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	2.16	14,036.69	13,386.70
b. Other Equity	2.17	2,02,038.36	1,52,992.52
Total Equity		**2,16,075.05**	**1,66,379.22**
Liabilities			
Non-Current Liabilities			
a. Financial Liabilities			
i. Lease liabilities	2.18	2,650.14	1,294.64
ii. Others Financial Liabilities	2.19	69,174.09	59,649.78
b. Other Non-Current Liabilities	2.20	468.08	207.35
c. Long Term Provisions	2.21	561.64	560.21
d. Deferred Tax Liabilities (net)	2.22	1,955.00	2,005.00
Total Non-Current Liabilities		**74,808.95**	**63,716.98**
Current Liabilities			
a. Financial Liabilities			
i. Trade Payables Due to:	2.23		
Micro and Small Enterprise		-	-
Other than Micro and Small Enterprise		3,473.30	1,866.42
ii. Lease liabilities	2.24	1,293.46	1,517.15
iii. Other Financial Liabilities	2.25	8,904.00	5,602.97
b. Other Current Liabilities	2.26	3,024.57	13.90
c. Provisions	2.27	26,625.88	23,436.70
d. Current Tax Liabilities (net)	2.28	30,284.66	679.42
Total Current Liabilities		**73,605.87**	**33,116.56**
Liabilities directly associated with assets held for Sale		**1,512.89**	**-**
TOTAL EQUITY AND LIABILITIES		**3,66,002.76**	**2,63,212.76**
Significant Accounting Policies & Notes on Accounts	1&2		

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Place : Mumbai
Date : 12th May, 2021

Standalone Statement of Income And Expenditure

for the year ended 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Income			
Revenue from Operations	2.29	1,12,139.95	1,09,208.93
Other Income	2.30	14,313.67	12,173.08
Total Income		**1,26,453.62**	**1,21,382.01**
Expenses			
Operating Expenses	2.31	9,197.18	7,856.93
Employee Benefits Expenses	2.32	16,457.82	14,515.87
Administrative and Establishment Expenses	2.33	2,168.36	2,207.19
Depreciation and Amortisation Expenses	2.34	14,035.23	12,170.78
Other Expenses	2.35	25,611.10	30,878.45
Total Expenses		**67,469.69**	**67,629.22**
Surplus Before Tax		**58,983.93**	**53,752.79**
Tax Expense			
Current Tax		15,700.00	13,800.00
Deferred Tax		(29.88)	(663.53)
Total Tax Expenses		**15,670.12**	**13,136.47**
Surplus for the period from continuing operations		**43,313.81**	**40,616.32**
Surplus/(Deficit) from discontinued operations		**(1,022.97)**	**(1,857.13)**
Surplus for the period		**42,290.84**	**38,759.19**
Other Comprehensive Income			
(i) Items that will not be reclassified to Income and Expenditure -Continuing operations			
Remeasurement of defined employee benefit plans		(151.72)	(69.66)
Return on plan assets (excluding interest)		3.47	0.32
Income Tax relating to items that will not be reclassified to Income and Expenditure		20.12	1.48
Total Other Comprehensive Income		**(128.13)**	**(67.86)**
Total Comprehensive Income for the period		**42,162.71**	**38,691.33**
Earnings per equity share (for continuing operations)			
1 Basic earnings per share (₹)	2.36	318.02	289.36
2 Diluted earnings per share (₹)		318.02	289.36
Earnings per equity share (for discontinued operations)			
1 Basic earnings Per Share (₹)		(7.51)	(13.23)
2 Diluted earnings per Share (₹)		(7.51)	(13.23)
Earnings per equity share (for continuing and discontinued operations)			
1 Basic earnings Per Share (₹)		310.51	276.13
2 Diluted earnings per Share (₹)		310.51	276.13

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Place : Mumbai
Date : 12th May, 2021

Standalone Statement of Cash Flow

for the year ended 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Cash flow from operation activities			
Net surplus for the period from continuing operations		58,983.93	51,895.66
Net surplus/(deficit) before tax from discontinued operation		(1,022.97)	-
Adjustment to reconcile net profit to net cash by operating activities			
Depreciation		14,035.23	12,720.78
Provision for employee benefit		1.43	5.00
Fixed assets written off		7.29	2.83
Unrealised foreign exchange (gain) / loss (net)		12.98	6.05
Changes due to change in accounting policy / prior period adjustments		-	50.52
Less : Interest income earned		(11,823.37)	(10,321.39)
Operating Surplus before working capital changes		**60,194.52**	**54,359.45**
Adjustment for:			
Trade and other receivable		(12,327.95)	(2,766.50)
Trade and other payable		21,252.70	37,281.52
Cash generated from operation		**69,119.27**	**88,874.47**
Less : Adjustment for Income tax		14,218.20	(16,074.66)
Less : Tax paid on Regular Assessment		-	-
Net cash from operating activities	**(A)**	**83,337.47**	**72,799.81**
Cash flow from investing activities			
Expenditure on Property, plant and equipment		(25,870.08)	(20,521.40)
Investment in earmarked funds		(28,096.31)	(40,302.73)
Investment own fund in Bank FD		(17,312.99)	(12,425.02)
Investment with Financial Institutions		2,400.00	2,300.00
Investments in Government securities (quoted)		(8,635.77)	(6,423.85)
Purchase of T-Bills		(8,953.86)	(8,220.80)
Interest income		11,823.37	10,321.39
Net cash used in investing activities	**(B)**	**(74,645.64)**	**(75,272.41)**
Cash flow from financing activities			
Net proceeds from issuance of equity shares		8,163.90	-
Net cash used in financial activities	**(C)**	**8,163.90**	**-**
Net asset directly associated - Discountinued operations		(128.10)	-
Net increase\(decrease) in cash and cash equivalents (A+B+C)		**16,727.64**	**(2,472.60)**
Cash and cash equivalents (opening)		**10,206.98**	**12,679.58**
Cash and cash equivalents (closing)		**26,934.62**	**10,206.98**

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 & rearranged to conform to current period presentation wherever necessary.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Place : Mumbai
Date : 12th May, 2021

Standalone Statement of Changes In Equity

for the year ended 31st March, 2021

2.16. Equity Share Capital

(Amount ₹ in Lakh)

Particulars	Amount
Balance as at 1st April, 2020	**13,386.70**
Changes in equity share capital during the year	649.99
Balance as at 31st March, 2021	**14,036.69**
Balance as at 1st April, 2019	**13,386.70**
Changes in equity share capital during the year	-
Balance as at 31st March, 2020	**13,386.70**

Other Equity

2.17 Statement of Changes in Equity

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus							Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustainability Reserve	Retained Earnings		
Balance as at 1st April, 2020	**8,534.48**	**17,500.00**	**1,000.00**	**7,647.00**	**100.00**	**10,000.00**	**1,08,348.37**	**(137.34)**	**1,52,992.54**
Total Comprehensive Income for the year ended	-	-	-	-	-	-	42,290.84	(128.13)	42,162.71
Transfer to Risk Cover Reserve	-	-	-	4,000.00	-	-	(4,000.00)	-	-
Transfer to Technology Reserve	-	5,000.00	-	-	-	-	(5,000.00)	-	-
Transfer to Sustainability Reserve	-	-	-	-	-	10,000.00	(10,000.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	-	-	(274.90)	-	(274.90)
Transfer to SGM Contribution - IMPS	-	-	-	-	-	-	(338.95)	-	(338.95)
Transfer to SGM Contribution - BBPS	-	-	-	-	-	-	(16.96)	-	(16.96)
Share Premium	7,513.91	-	-	-	-	-	7,513.91	-	7,513.91
Balance as at 31st March 2021	**16,048.39**	**22,500.00**	**1,000.00**	**11,647.00**	**100.00**	**20,000.00**	**1,38,522.32**	**(265.47)**	**2,02,038.36**

Standalone Statement of Changes In Equity

for the year ended 31st March, 2021

Other Equity

2.17 Statement of Changes in Equity (Contd..)

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus							Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustainability Reserve	Retained Earnings		
Balance as at 1st April, 2019	**8,534.48**	**12,500.00**	**1,000.00**	**3,647.00**	**-**	**-**	**88,510.81**	**(69.48)**	**1,14,122.82**
Changes in accounting policy or prior year errors	-	-	-	-	-	-	50.52	-	50.53
Total Comprehensive Income for the year ended	-	-	-	-	-	-	38,759.19	(67.86)	38,691.33
Transfer to Risk Cover Reserve	-	-	-	4,000.00	-	-	(4,000.00)	-	-
Transfer to Technology Reserve	-	5,000.00	-	-	-	-	(5,000.00)	-	-
Transfer to RuPay SGM Reserve	-	-	-	-	100.00	-	(100.00)	-	-
Transfer to Sustainability Reserve	-	-	-	-	-	10,000.00	(10,000.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	-	-	(81.88)	-	(81.88)
Transfer to SGM Contribution - IMPS	-	-	-	-	-	-	204.76	-	204.76
Transfer to SGM Contribution - BBPS	-	-	-	-	-	-	4.97	-	4.97
Balance as at 31st March, 2020	**8,534.48**	**17,500.00**	**1,000.00**	**7,647.00**	**100.00**	**10,000.00**	**1,08,348.37**	**(137.34)**	**1,52,992.52**

The Company has created reserves namely, RuPay SGM Reserve, Sustainability Reserve, Risk Cover Reserve and Technology Reserve over period of years by way of appropriation from the Surplus after Tax as per the policy approved by the Board in this regard.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Priyanka Agrawal
Company Secretary

Dr. Amitha Sehgal
Director
DIN: 08309997

Rupesh H Acharya
Chief Financial Officer

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 had initiated steps to incorporate two wholly owned subsidiary "NPCI International Payments Limited" and "NPCI Bharat BillPay Limited" and they were incorporated on April 03, 2020 and December 10, 2020 respectively

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 and 2020-2021, the total number of shareholders has gone to 67 shareholders. After merger of certain shareholder banks there are 66 shareholders comprising of 11 Public Sector Banks, 18 Private Banks, 5 Foreign Banks, 10 Co-operative Banks and 6 Regional Rural Banks, 4 Small Finance banks, 2 Payments banks, and 10 Payment system operators holding shares in the Company.

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, JCBI 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.

The key objective of NPCI's training is to increase use of digital means of transactions as step towards promoting Digital India Initiative thus supporting cash-less society. NPCI has been organizing digital financial literacy trainings for the customers of various organizations.

The training activities comprises meaning of cashless society and reasons to go cash-lite, and primarily focuses on NPCI's products such as RuPay, Aadhaar enabled Payment System (AePS), Bharat Interface for Money (BHIM) Unified Payments Interface (UPI). The products are explained to the users with the help video clips and live practical demonstration to use these products. Also, the activation program aims to enable customer to download BHIM UPI onto their phones thus carry out a transaction from their phones. These trainings are conducted in the vernacular/local language depending upon the location and type of language including Hindi, Gujarati, Kannada, Tamil, etc. The Company has conducted training outreach campaigns at various places with the state governments to promote digital financial literacy.

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 provisions 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.

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 Flows 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 Standards, 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.

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 as per IND-AS 115

Revenue from contracts with customers is recognised when control of services is transferred to the customer at an amount that reflects the consideration entitled in exchange for those services. Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when the it becomes unconditional.

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 fees is received.

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 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.

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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the property, plant and equipment is de-recognised.

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.

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 useful life 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#	5
3	Computers and Printers	3
4	Furniture and Fittings	10
5	Vehicles	8
6	Leasehold Improvements*	-
7	Buildings (Other than factory Building)	60

#Office equipment includes Air conditioners, Web cameras, Fire alarm system etc.

*Leasehold Improvements are depreciated over the lease term.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

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 Asset's revised carrying amount over its remaining useful life.

Amortization is provided using the Straight Line Method as per the management's assessment of the useful life which is given below

Sr. No.	Nature of Assets Tangible 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:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale.

ii. The Company has intention to complete the intangible asset and use or sell it.

iii. The Company has ability to use or sell the intangible asset.

iv. 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.

v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi. 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 (RPFC) and the contribution thereof is paid /provided for during the period in which the employee renders the related service.

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 as per IND-AS 116

The company determines whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company recognises Right to Use and lease liability at the commencement of the lease period.

Subsequently the right to use is shown as at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. The company applies depreciation requirements of IND-AS 116, Property, Plant and Equipment, in depreciating the right-of-use asset and the lease term mentioned in the contract is taken as useful life for calculating the depreciation.

The company measures the lease liability at the present value of the lease payments. The lease payments are discounted using incremental borrowing rate applicable

Significant Accounting Policies and Notes to Accounts
for the year ended 31st March, 2021

to the company for a similar term. Subsequently the lease liability is increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

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

(i) Fair Value through other comprehensive income

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and,

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.

(ii) Fair Value through Profit or Loss

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

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.

Impairment of financial Assets:

i. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

ii. The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are 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.

Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 Deferred tax is recognised on temporary difference between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities and assets are 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. 4 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. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management expects that the sale will be completed within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 2.37. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

1.17. 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 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

1.18. 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.

1.19. 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.

1.20. 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

1.21. 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.

1.22. 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.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of IND-AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are in respect of recognition of revenue, valuation of unbilled receivables, estimation of net realisable value of inventories, impairment of non current assets, valuation of deferred tax assets, provisions and contingent liabilities.

1.23. 1 Impairment of Non - Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to disclosure of fair value of investment property recorded by the Company.

1.23. 2 Useful lives of Property, Plant and Equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

1.23. 3 Valuation of Deferred Tax Assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note above.

1.23. 4 Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2. NOTES TO ACCOUNTS

ASSETS

Non-Current Asset:

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, 2021:

(Amount ₹ in Lakh)

Asset Group	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	As at 01-Apr-2020	Additions	Deletions	Assets held-for-sale	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	Assets held-for-sale	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Land	3,995.05	-	-	-	3,995.05	-	-	-	-	-	3,995.05	3,995.05
Building	4,022.39	-	-	-	4,022.39	338.97	67.73	-	-	406.70	3,615.69	3,683.41
Computers	1,685.96	474.33	101.94	20.96	2,037.39	1,308.50	322.44	100.06	9.73	1,521.15	516.24	377.46
Network Equipment	10,674.32	1,317.65	15.67	126.19	11,850.11	4,370.77	1,758.96	15.67	51.14	6,062.92	5,787.19	6,303.55
Switching Eq / Central Processors	24,667.62	2,999.05	1,097.18	374.49	26,195.00	10,387.68	4,064.60	1,097.18	154.94	13,200.16	12,994.84	14,279.94
Furniture and Fixture	342.29	163.72	8.72	-	497.29	121.18	38.02	4.77	-	154.43	342.86	221.11
Electrical Installation	46.92	111.95	3.39	-	155.48	35.96	11.53	2.44	-	45.05	110.43	10.96
Telephone	51.75	1.01	0.10	0.50	52.16	33.64	8.10	0.06	0.21	41.47	10.69	18.11
Office Equipment	409.74	85.26	5.88	-	489.12	291.43	49.58	5.41	-	335.60	153.52	118.31
Leasehold improvement	11.18	282.40	0.20	-	293.38	10.72	9.82	0.20	-	20.34	273.04	0.46
As at 31-Mar-2021	**45,907.22**	**5,435.37**	**1,233.08**	**522.14**	**49,587.37**	**16,898.85**	**6,330.78**	**1,225.79**	**216.02**	**21,787.82**	**27,799.55**	**29,008.36**

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Asset Group	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-2019	Additions	Deletions	As at 31-Mar-2020	As at 01-Apr-2019	For the period	Deletions/ Adjustments	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Land	3,995.05	-	-	3,995.05	-	-	-	-	3,995.05	3,995.05
Building	4,022.39	-	-	4,022.39	271.06	67.91	-	338.97	3,683.42	3,751.32
Computers	1,487.25	236.37	37.66	1,685.96	1,017.21	326.93	35.64	1,308.50	377.46	470.04
Network Equipment	8,115.88	2,587.10	28.66	10,674.32	2,867.63	1,531.80	28.66	4,370.77	6,303.55	5,248.25
Switching Eqpt / Central Processors	18,192.99	6,670.99	196.36	24,667.62	7,254.93	3,329.11	196.36	10,387.68	14,279.94	10,938.06
Furniture and Fixture	270.03	72.33	0.07	342.29	88.11	33.1	0.03	121.18	221.11	181.92
Electrical Installation	46.05	1.22	0.35	46.92	27.5	8.81	0.35	35.96	10.96	18.55
Telephone	50.66	3.76	2.67	51.75	26.06	9.47	1.9	33.64	18.11	24.6
Office Equipment	352.12	57.62	-	409.74	228.95	62.47	-	291.43	118.31	123.17
Leasehold Improvement	11.18	-	-	11.18	8.82	1.89	-	10.72	0.46	2.36
As at 31-Mar-2020	**36,543.60**	**9,629.39**	**265.77**	**45,907.22**	**11,790.27**	**5,371.49**	**262.94**	**16,898.85**	**29,008.36**	**24,753.32**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.2. Right to Use Assets

(Amount ₹ in Lakh)

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-2020	Additions	Deletions	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Right to Use Assets	4,283.00	2,812.44	261.07	6,834.37	1,480.47	1,712.35		3,192.82	3,641.55	2,802.53
As at 31-Mar-2021	**4,283.00**	**2,812.44**	**261.07**	**6,834.37**	**1,480.47**	**1,712.35**	**-**	**3,192.82**	**3,641.55**	**2,802.53**
As at 31-Mar-2020	**-**	**4,283.00**	**-**	**4,283.00**	**-**	**1,480.47**	**-**	**1,480.47**	**2,802.53**	

2.3. Capital Work-In-Progress

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

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Capital WIP		
Capital WIP - IT	1,600.08	228.41
Capital WIP - Non IT	11,002.15	424.89
Total	**12,602.23**	**653.30**

2.4. Intangible Assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Asset Group	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	As at 01-Apr-2020	Additions	Deletions	Assets held-for-sale	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	Assets held-for-sale	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Computer Software	27,038.25	7,569.87	-	454.90	34,153.22	19,518.44	6,477.41		269.29	25,726.56	8,426.65	7,519.80
As at 31-Mar-2021	**27,038.25**	**7,569.87**	**-**	**454.90**	**34,153.22**	**19,518.44**	**6,477.41**	**-**	**269.29**	**25,726.56**	**8,426.65**	**7,519.80**

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Asset Group	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01-Apr-2019	Additions	Deletions	As at 31-Mar-2020	As at 01-Apr-2019	For the period	Deletions/ Adjustments	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Computer Software	21,960.07	5,078.32	0.14	27,038.25	13,649.71	5,868.82	0.09	19,518.44	7,519.80	8,310.36
As at 31-Mar-2020	**21,960.07**	**5,078.32**	**0.14**	**27,038.25**	**13,649.71**	**5,868.82**	**0.09**	**19,518.44**	**7,519.80**	**8,310.36**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.5. Intangible assets under development

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

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Intangible assets under development	308.84	379.08
Intangible assets under development (Software)	1,992.73	2,580.92
Total	**2,301.57**	**2,960.00**

There is no Research and Development expense recognized in net surplus in the Statement of Income and Expenditure for the year ended 31st March, 2021.

Non- Current investments

Financial Assets (non-current)

2.6 Investments

(Amount ₹ in Lakh)

Particulars	Face Value per unit (In ₹)	Face Value	As at 31-Mar-2021	As at 31-Mar-2020
I. Investments in Government Securities Quoted Investment-Investments carried at amortized cost				
G-Sec 7.68% 2023	100.00	1,200.00	1,197.21	1,196.82
G-Sec 7.35% 2024	100.00	400.00	395.26	394.71
G-Sec 8.40% 2024	100.00	400.00	404.56	405.57
G-Sec 7.72% 2025	100.00	400.00	400.47	400.57
G-Sec 8.15% 2026 - NI	100.00	600.00	606.61	607.52
G-Sec 8.60% 2028	100.00	400.00	413.32	414.44
G-Sec 7.88% 2030	100.00	800.00	797.04	796.92
G-Sec 7.95% 2032	100.00	800.00	806.21	806.53
G-Sec 8.24% 2033	100.00	1,400.00	1,446.02	1,448.02
G-Sec 7.59% 2029	100.00	800.00	795.37	795.16
G-Sec 7.61% 2030	100.00	400.00	398.56	398.46
G Sec 7.37% 2023	100.00	600.00	593.69	592.57
G-Sec 7.17% 2028	100.00	200.00	190.42	189.96
GOI 7.59% 2026	100.00	400.00	397.16	396.95
G Sec 7.26% 2029	100.00	1,200.00	1,206.33	1,208.68
G Sec 7.32% 2024	100.00	1,200.00	1,211.55	1,214.75
G Sec 8.24% 2027	100.00	600.00	618.29	620.57
G-Sec 7.27% 2026	100.00	2,000.00	2,044.43	2,050.06
G-Sec 7.57% 2033	100.00	2,000.00	2,108.44	1,462.33
G Sec 6.17% 2021	100.00	200.00	-	200.74
G Sec 6.45% 2029	100.00	1,000.00	997.32	792.46
G Sec 6.18% GS 2024	100.00	400.00	405.35	197.75
G Sec 5.79% 2030	100.00	600.00	599.15	-
G Sec 6.19% 2034	100.00	3,300.00	3,269.90	-
Gsec 5.77% 2030	100.00	1,400.00	1,380.44	-
G-Sec 5.85% 2030	100.00	1,000.00	986.22	-
G-Sec 6.22% 2035	100.00	3,000.00	2,958.40	-
Sub Total (A)			**26,627.72**	**16,591.54**
Un-Quoted Investment --Investments carried at amortized cost				
Govt of India 8% Savings Bond			6,500.00	6,500.00
Sub Total (B)			**6,500.00**	**6,500.00**
TOTAL (I) (A+B))			**33,127.72**	**23,091.54**
II Investment in Equity investment				
Unquoted - Investment in subsidiary (at cost)				
NPCI International Payments Limited			5,000.00	-
NPCI Bharat BillPay Limited			8,500.00	-
TOTAL (II)			**13,500.00**	**-**
Total (I+II)			**46,627.72**	**23,091.54**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.6 Investments (Contd..)

(Amount ₹ in Lakh)

Particulars	Face Value per unit (In ₹)	Face Value	As at 31-Mar-2021	As at 31-Mar-2020

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments.

Aggregate amount of quoted investments	26,627.72	16,591.54
Market Value of quoted investments	27,340.67	17,571.77
Aggregate amount of unquoted investments	20,000.00	6,500.00
Aggregate amount of impairment in value of investment.	-	-

2.7 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Security Deposit - Premises*	716.39	558.96
Unamortised Advance Rental	70.04	40.90
Advances to employees	-	0.31
Settlement Guarantee Fund - JCBI	36.75	35.35
Sub Total	**823.18**	**635.52**
Earmarked Deposits with maturity more than 12 months		
Deposits with Banks - (SGM - NFS Contribution)	-	5,359.53
Deposits with Banks - (SGM - IMPS Contribution)	-	840.00
Deposits with Banks - (SGM - BBPS Contribution)	-	55.00
Deposits with Banks - (AEPS - Collateral)	110.00	43.00
Deposits with Banks - (UPI - Collateral)	-	30.00
Term deposits with Banks - (NETC - Collateral)	50.00	-
Sub Total	**160.00**	**6,327.53**
Term deposits with Banks more than 12 months (Not Callable)	99.00	6,939.00
Term Deposit with Banks more than 12 months (Callable)	2,535.00	4,000.00
Sub Total	**2,634.00**	**10,939.00**
Total	**3,617.18**	**17,902.05**

*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 31-Mar-2021	As at 31-Mar-2020
Capital Advance - Chennai Premises	-	1,860.65
Capital Advance - Hyderabad Premises	-	1,769.18
Capital Advance - Non IT	-	5.07
Capital Advance - IT	-	3.75
Prepaid Expenses	220.93	459.09
Total	**220.93**	**4,097.74**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Current Assets

Financial Assets (Current)

2.9 Investments

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Investments in Government Securities		
with maturity less than 12 months		
Quoted Investment-Investments carried at amortized cost		
G-Sec 8.27% 2020	-	1,200.60
G Sec 7% 2021	-	400.18
G Sec 6.17% 2021	200.37	-
Treasury Bill		
with maturity less than 3 months	17,595.54	3,900.74
with maturity more than 3 months but less than 12 months	10,801.31	15,542.25
Total	**28,597.22**	**21,043.77**
Aggregate amount of quoted investments	200.37	1,600.78
Market Value of quoted investments	201.55	1,614.66
Aggregate amount of unquoted investments	28,396.85	19,442.99
Aggregate provision for diminution in value of Investments	-	-

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments

2.10 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Unsecured considered good		
Receivables for Settlement Fees	3,893.14	2,033.66
Receivables for Network / IIN recoveries	1,173.55	466.26
Receivables from International Alliances	0.68	4,654.49
Receivables for Certification /Others	563.97	856.44
Receivables for RuPay	182.65	118.19
Less : Allowance for Credit Losses	(54.91)	-
Total	**5,759.08**	**8,129.04**

The Company has exposure to regulated entities, hence the credit risk is limited. All trade receivables are reviewed and assessed for default on a monthly basis and the risk is mitigated by timely monitoring of receivables. Based on historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Accordingly, our provision for expected credit loss on trade receivables is not material.

2.11 Cash & Cash equivalents

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balances with Banks		
Balance in Current account with Reserve Bank of India	1.03	1.03
Current account (Own Fund)	10,590.98	1,816.00
Current account (Flexi Facility with Bank)	10,282.64	1,451.43
Current account (International settlements)	4,378.86	5,985.56
Cash in hand	-	0.06
Term deposit with original maturity less than 3 months	1,000.00	-
Sub Total	**26,253.51**	**9,254.08**

Significant Accounting Policies and Notes to Accounts
for the year ended 31st March, 2021

2.11 Cash & Cash equivalents (Contd..)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Earmarked Funds		
Balances with Banks		
Current account (SGM Contribution)	681.11	952.90
Sub Total	681.11	952.90
Total	**26,934.62**	**10,206.98**

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

2.12 Other Bank Balances

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deposits with a Financial Institution		
Original maturity more than 3 month but less than 12 months with Banks (Not Callable)	-	2,400
Term Deposit with Banks		
Original maturity more than 3 month but less than 12 months with Banks (Not Callable)	47,586.00	3,200
Original maturity more than 12 month but current maturity less than 12 months with Banks (Not Callable)	17,240.00	36,008
Total	**64,826.00**	**41,608.01**

2.13 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advances to Employees	53.87	38.74
Unamortised Advance Rental	38.09	33.71
Deposit with insurance companies	47.03	51.47
Interest Accrued but not due (other than SGM contribution deposits)	763.03	573.76
Interest Accrued but not due - Govt. Securities	470.33	387.12
Interest Accrued but not due (NFS SGM Contributions)	103.38	57.54
Interest Accrued but not due (IMPS SGM Contributions)	168.69	80.09
Interest Accrued but not due (BBPS SGM Contributions)	1.83	0.09
Interest Receivable on Income Tax Refund AY 2018-19	-	1,313.50
Receivable -Cooperative/Member Banks	-	86.14
Security deposit	54.88	34.04
Other advance (Receivable from Subsidiaries)	121.52	-
Sub Total	**1,822.65**	**2,656.20**
Term Deposit with Banks		
with maturity less than 3 months		
Term deposits with Banks - (SGM - NFS Contribution)	5,334.00	675.00
Term deposits with Banks - (SGM - IMPS Contribution)	19,399.00	18,225.00
Term deposits with Banks - (SGM - BBPS Contribution)	-	300.00
Term deposits with Banks - (AEPS - Collateral)	80.00	51.00
Term deposits with Banks - (NETC - Collateral)	22.00	6.00
Term deposits with Banks - (Technology Reserve)	2,797.00	2,400.00
Term deposits with Banks - (Risk Cover)	6,000.00	1,200.00
Term deposits with Banks - (NFS SGM Reserve)	-	1,000.00
Term deposits with Banks - (Sustainability Reserve)	4,399.00	-
with maturity more than 3 months but less than 12 months		
Term deposits with Banks - (SGM - NFS Contribution)	9,877.53	6,502.69
Term deposits with Banks - (SGM - IMPS Contribution)	23,961.00	17,620.00
Term deposits with Banks - (SGM - BBPS Contribution)	-	10.00

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.13 Other Financial Assets (Contd..)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Term deposits with Banks - (AEPS - Collateral)	428.00	440.00
Term deposits with Banks - (NETC - Collateral)	27.00	65.00
Term deposits with Banks - (UPI - Collateral)	530.00	500.00
Term deposits with Banks - (Technology Reserve)	19,703.00	15,100.00
Term deposits with Banks - (Risk Cover)	5,647.00	6,447.00
Term deposits with Banks - (RuPay SGM Reserve)	100.00	100.00
Term deposits with Banks - (Sustainability Reserve)	15,601.00	10,000.00
Term deposits with Banks - (NFS SGM Reserve)	1,000.00	-
Sub Total	**1,14,905.53**	**80,641.69**
Total	**1,16,728.18**	**83,297.89**

The company maintains exposure in cash and cash equivalents, term deposits with banks, investments in marketable debt instruments including government securities. The company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counter-party based on credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the companies Treasury Department. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal

2.14 Current Tax Assets (Net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advance Income Tax - FY 2020-21 (Net)	1,258.60	-
Advance Income Tax - FY 2019-20 (Net)	475.82	421.66
Advance Income Tax - FY 2018-19 (Net)	-	470.25
Advance Income Tax - FY 2017-18 (Net)	-	784.28
Advance Income Tax - FY 2016-17 (Net)	-	83.03
Advance Income Tax - FY 2015-16 (Net)	1,195.58	1,195.58
Advance Income Tax - FY 2014-15 (Net)	747.41	747.41
Advance Income Tax - FY 2013-14 (Net)	34.60	34.60
Advance Income Tax - FY 2012-13 (Net)	129.77	129.77
Advance Income Tax - FY 2011-12 (Net)	-	308.30
Total	**3,841.78**	**4,174.88**

2.15 Other Current Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Prepaid Expenses	856.43	1,155.86
Prepaid - Insurance - RuPay card	223.88	1,162.49
GST Input/Cenvat Credit	5,028.16	2,578.99
Advances to Vendors	6,329.04	1,819.53
Total	**12,437.51**	**6,716.87**

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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Financial Instruments

Financial Instrument by Category

The carrying value and fair value of financial instruments by categories as of 31st March, 2021 were as follows:

Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Measured at Amortised Cost		
Trade Receivable	5,759.08	8,129.04
Cash & Cash Equivalents	26,934.62	10,206.98
Bank balances other than Cash & Cash Equivalents	64,826.00	41,608.01
Investments	75,224.94	44,135.31
Other Financial Assets	1,20,345.36	1,01,199.94
Total Financial Assets	**2,93,090.00**	**2,05,279.28**

Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Measured at Amortised Cost		
Trade Payables	3,473.30	1,866.42
Lease liabilites	3,943.60	2,811.79
Other Financial Liabilities	78,078.09	65,252.75
Total Financial Liabilities	**85,494.99**	**69,930.96**

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.

(Amount ₹ in Lakh)

Investments (Level 1)	As at 31-Mar-2021	As at 31-Mar-2020
Government Securities	27,340.67	17,571.77
Total	**27,340.67**	**17,571.77**

Note: The fair value pertaining to the 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 risks, market risks, credit risks and liquidity risks. 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

Significant Accounting Policies and Notes to Accounts
for the year ended 31st March, 2021

Financial Risk Management (Contd..)

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:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Revenue from Top Customer	20%	16%
Revenue from Top 5 Customers	43%	42%

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH), Bharat Bill Payment System, and accordingly is sole provider of such kind of services. The clients mentioned above are likely to depend on these services till these 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 generators. More innovation and R&D 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 31-Mar-2021	As at 31-Mar-2020
Financial Assets		
Trade Receivables	0.68	4,654.49
Financial Liabilities		
Trade Payables	304.46	353.92

EQUITY AND LIABILITIES

2.16 Equity Share Capital

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Authorised		
3,00,00,000 Equity Shares of ₹ 100 each (PY 3,00,00,000 Equity share of ₹ 100 each)	30,000.00	30,000.00
Issued, Subscribed and Paid Up :		
Issued Share Capital		
1,4526,600 Equity Shares of ₹ 100 each (PY 1,38,76,600 Equity share of ₹ 100 each)	14,526.60	13,876.60
Subscribed and Paid up Capital		
Opening Balance		
1,33,86,700 Equity Shares of ₹ 100 each Fully paid up (PY 1,38,86,700 Equity share of ₹ 100 each)	13,386.70	13,386.70
Addition during the year		
6,49,992 Equity Shares of ₹ 100 each Fully paid up	649.99	-
Total	**14,036.69**	**13,386.70**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Reconciliation of shares outstanding at the beginning and end of the year ended 31st March, 2021.

(Amount ₹ in Lakh)

Particulars	Equity Shares			
	As at 31-Mar-2021		As at 31-Mar-2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,33,86,700.00	13,386.70	1,33,86,700.00	13,386.70
Addition during the year	6,49,992.00	649.99	-	-
Shares outstanding at the end of the year	1,40,36,692.00	14,036.69	1,33,86,700.00	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, 2021:

i. The Company has not allotted any bonus shares.

ii. 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

(Amount ₹ in Lakh)

Name of Shareholders	Equity Shares			
	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares held	% of holding	No. of shares held	% of holding
State Bank of India	10,00,000	7.12	10,00,000	7.47
Union Bank of India	12,84,000	9.15	10,00,000	7.47
Bank of India	10,00,000	7.12	10,00,000	7.47
Bank of Baroda	12,84,000	9.15	12,84,000	9.59
Punjab National Bank	12,84,000	9.15	10,00,000	7.47
Canara Bank	11,42,000	8.14	10,00,000	7.47
ICICI Bank Limited	10,00,000	7.12	10,00,000	7.47
HDFC Bank Limited	10,00,000	7.12	10,00,000	7.47
HSBC Limited	10,00,000	7.12	10,00,000	7.47
Citibank N.A	10,00,000	7.12	10,00,000	7.47

Non-Current Liabilities

Financial Liabilities

2.18 Lease Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liabilities	2,650.14	1,294.64
Total	**2,650.14**	**1,294.64**

2.19 Other financial liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM Contribution - NFS	15,758.25	13,686.59
SGM Contribution - IMPS	43,764.15	37,878.14
SGM Contribution - BBPS	-	365.10
Deposit- Collateral AEPS/NETC/UPI	1,548.61	1,525.61
Deposit - Collateral RuPay International alliances	8,045.58	6,121.84
Earnest Money Deposit	57.50	72.50
Total	**69,174.09**	**59,649.78**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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, 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, 2021 is ₹ 15,758.25 lakhs. 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, 2021 is as follows

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- NFS Balance at the Beginning	13,686.58	12,682.70
Add : Contribution Received during the Year	1,796.75	922.01
Less : Contribution Refunded during the Year	-	0.00
Subtotal (A)	**15,483.34**	**13,604.71**
Interest Received on SGM- NFS investments	814.05	927.64
Less: Expenses	(425.43)	-827.50
Less: Salary Expense of SGM adjusted against income	(21.26)	-18.27
Less: Income Tax	(92.46)	0.00
Subtotal (B)	**274.91**	**81.87**
SGM NFS Balance at the End (A+B)	**15,758.25**	**13,686.58**

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, 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, 2021 is ₹ 43,764.15 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

The SGM- IMPS Contribution as on 31st March, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- IMPS Balance at the Beginning	37,878.14	17,064.39
Add : Contribution Received during the Year	5,585.56	21,055.91
Less : Contribution Refunded during the Year	(38.50)	(37.40)
Subtotal (A)	**43,425.20**	**38,082.90**
Interest Received on SGM- IMPS Investments	1,798.19	1,244.55
Less: Expenses	(1,323.98)	(1,431.04)
Less: Salary Expense of SGM adjusted against Income	(21.26)	(18.27)
Less: Income Tax	(114.01)	-
Subtotal (B)	**338.95**	**(204.76)**
SGM IMPS Balance at the End (A+B)	**43,764.15**	**37,878.14**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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, 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, 2021, is ₹ 1149.89 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

The SGM- BBPS Contribution as on 31st March, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- BBPS Balance at the Beginning	365.10	350.07
Add : Contribution Received during the Year	767.83	20.00
Less : Contribution Refunded during the Year	-	-
Subtotal (A)	**1,132.93**	**370.07**
Interest Received on SGM- BBPS Investments	46.19	24.43
Less: Expenses	(18.80)	(25.34)
Less: Salary Expense of SGM adjusted against Income	(4.72)	(4.06)
Less: Income Tax	(5.71)	-
Subtotal (B)	**16.96**	**(4.97)**
Less : Considered under Non current asset held for sale(c)	1,149.89	-
SGM BBPS Balance at the End (A+B-C)	**-**	**365.10**

2.20 Other Non-Current Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Service Charges (Network) received in advance	468.08	207.35
Total	**468.08**	**207.35**

2.21 Long Term Provisions

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Gratuity (net)	270.48	168.08
Provision for Leave encashment (net)	291.16	392.13
Total	**561.64**	**560.21**

2.22 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deferred Tax Liability		
Property, Plant & Equipment	2,241.22	2,180.90
Right to use	916.54	705.63
Deferred Tax Asset		
Lease Liability	(992.56)	(707.96)
Gratuity - Provision	(82.87)	(42.32)
Leave encashment -Provision	(75.60)	(98.73)
Government Securities	(32.24)	(32.52)
Share Issue Expenses	(5.67)	-
Allowance for Credit Losses	(13.82)	-
Total	**1,955.00**	**2,005.00**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Current Liabilities

Financial Liabilities (Current)

2.23 Trade Payables

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Trade Payables Due to		
Micro and Small Enterprise (Refer Note No. 2.44)	-	-
Other than Micro and Small Enterprise	3,473.30	1,866.42
Total	**3,473.30**	**1,866.42**

2.24 Lease Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liabilities	1,293.46	1,517.15
Total	**1,293.46**	**1,517.15**

2.25 Other Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Statutory Liabilities*	4,294.67	3,258.04
Payable for MORD	2,423.92	295.55
Security Deposit	1.58	1.49
Earnest Money Deposit	230.38	256.66
Sundry creditors - Capital asset	1,815.62	1,661.72
Other Payables	137.83	129.51
Total	**8,904.00**	**5,602.97**

***Statutory Liabilities:** It consists of amount payable towards GST, TDS, Provident Fund, Profession tax, etc.

2.26 Others Current Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advance for Centralised Promotion of IMPS (Net)*	7.90	7.90
Advance from Customer	2,993.45	-
Service Charges (Network) received in advance	23.22	6.00
Total	**3,024.57**	**13.90**

***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, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening balance	7.90	7.90
Less : Expenses towards Centralised Promotion of IMPS	-	-
Closing Balance	**7.90**	**7.90**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.27 Provisions

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Expenses	26,625.88	23,436.70
Total	**26,625.88**	**23,436.70**

The movement in the provision for expenses is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the Beginning of the Year	23,436.70	13,900.74
Provision during the Year	21,884.98	21,676.10
Less : Provision Utilised/Reversed	(18,695.80)	(12,140.14)
Balance at the end of the Year	**26,625.88**	**23,436.70**

2.28 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Tax - FY 2018-19 (Net)	16,033.75	-
Provision for Tax - FY 2017-18 (Net)	12,350.68	-
Provision for Tax - FY 2016-17 (Net)	16.88	-
Provision for Tax - FY 2011-12 (Net)	795.41	-
Provision for Tax - FY 2009-10 (Net)	522.03	113.51
Provision for Tax - FY 2010-11 (Net)	565.91	565.91
Total	**30,284.66**	**679.42**

Income Taxes

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

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Taxes	15,700	13,800.00
Deferred Taxes	(29.88)	(663.53)
Income Tax Expenses	**15,670.12**	**13,136.47**

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2021:

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Surplus before Tax	57,960.96	51,895.66
Applicable Tax Rate	25.17	25.17
Computed Expected Tax Expense	14,587.61	13,061.10
Items of Income not to offer for Tax	**(8.13)**	**(7.03)**
Interest Income on Security Deposits(FV)	(11.47)	(8.30)
Increase in Interest on G Sec-EIR	3.34	1.28
Items of Expense not deductible for Tax purposes:	**749.07**	**561.69**
Provision for Straight Lining of Leases reversed	-	(12.72)
Rental Expenses (Security Deposits)	11.61	8.09
CSR Expenses	500.88	151.04
Other Disallowance - Gratuity and Leave Encashment Provisions and others	236.58	415.27

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2021: (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Items of Expense deductible for Tax purposes:	**371.09**	**156.22**
Excess Depreciation as per Income Tax	372.51	158.99
1/5th Amortisation of Share Issue Expenses	(1.42)	(2.76)
Total	**15,699.65**	**13,771.98**
Tax Expense Recognised during the Year	**15,699.65**	**13,771.98**
Rounded off	**15,700.00**	**13,800.00**

The applicable Indian Statutory tax rate for financial year 2021 is 25.17%.

The Tax effects of significance temporary differences that resulted in Deferred Tax Assets and Liabilities are as follows:

(Amount ₹ in Lakh)

Deferred Tax (Net)	As at 31-Mar-2021	As at 31-Mar-2020
Deferred Tax Liability		
Property, Plant & Equipment	2,241.22	2,180.90
Right to use	916.54	705.63
Deferred Tax Asset		
Lease Liability	(992.56)	(707.96)
Gratuity - Provision	(82.87)	(42.32)
Leave encashment -Provision	(75.60)	(98.73)
Government Securities	(32.24)	(32.52)
Share Issue Expenses	(5.67)	-
Allowance for Credit Losses	(13.82)	-
Total	**1,955.00**	**2,005.00**

2.29 Revenue from Operations:

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Income from Payment services	1,07,037.36	96,640.90
Certification income	947.46	1,219.00
Network income	3,044.37	2,007.48
Other operating income*	1,110.76	9,341.55
Total	**1,12,139.95**	**1,09,208.93**

*includes Compliance Fees, Membership Fees, Income from International Alliances, Hologram Charges, Card Fees etc.

2.30 Other Income

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Interest Income on deposits	6,757.24	5,871.71
Interest Income on Govt Securities / GOI BOND	1,594.90	1,695.25
Gain on Redemption of Investments	6.73	-
Income from T Bills	856.22	557.81
Interest Income on earmarked fund (NFS) SGM	812.62	927.64
Interest Income on earmarked fund (IMPS) SGM	1,749.56	1,244.55
Interest Income on earmarked fund (BBPS) SGM	46.10	24.43
Interest on Income Tax Refund	1,819.97	704.82
Reversal of Provision for Expenses	487.64	980.33
Liquidated damages	39.35	44.21
Other Miscellaneous Income	143.34	122.33
Total	**14,313.67**	**12,173.08**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.31 Operating Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Annual Maintenance Charges - IT Equipment	5,211.79	4,245.02
Network Expenses	2,093.93	1,699.12
Testing & Certification Charges	645.70	645.09
Data Centre Rentals	431.43	428.37
Data Centre Power & Fuel	814.34	839.34
Total	**9,197.18**	**7,856.93**

2.32 Employee Benefits Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Salary & Allowances	14,023.00	12,218.59
Contribution to Employee Benefits	760.06	667.86
Staff Welfare	401.71	424.13
Outsourcing Cost	1,273.05	1,205.29
Total	**16,457.82**	**14,515.87**

2.32 .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 31-Mar-2021	As at 31-Mar-2020
Present Value of Obligation	(1,064.15)	(783.37)
Fair Value of Plan Assets	734.89	604.67
Funded Status - (Surplus) /Deficit	(329.26)	(178.70)
Net Asset /(Liability) recognised in the Balance Sheet	**(329.26)**	**(178.70)**

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Service Cost	190.62	158.81
Interest Cost	47.41	39.78
Expected Return on Plan Asset	(38.70)	(32.19)
Total Expense / (Income) charged to Income and Expenditure Account	**199.33**	**166.40**

(Amount ₹ in Lakh)

Reconciliation of amounts in Balance Sheet	As at 31-Mar-2021	As at 31-Mar-2020
Opening Net Defined Benefit Liability /(Asset)	178.70	135.89
Total Expense (Income) recognised in Income and Expenditure	199.33	166.40
Actual Employer Contribution	(193.48)	(192.93)
Total Re-measurements recognised in Other Comprehensive Income/(Loss)	144.70	69.34
Liability / (Asset) recognised in the Balance sheet	**329.25**	**178.70**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.32 .1 Gratuity and Leave Encashment (Contd..)

Gratuity Plan (Contd..)

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Present Value of Obligation at the beginning of the Year	783.37	579.86
Current Service Cost	190.62	158.81
Interest Cost	47.41	39.78
Actuarial (Gain)/Loss on Obligation	151.72	69.66
Benefits Paid	(108.97)	(64.74)
Present Value of Obligation at the end of the year	**1064.15**	**783.37**

(Amount ₹ in Lakh)

Change in Fair Value of Plan Assets during the year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Fair Value of Plan Assets at the Beginning of the year	604.67	443.97
Expected Return on Plan Assets	38.70	32.19
Contributions Made	197.03	192.93
Benefits Paid	(108.97)	(64.74)
Actuarial Gain/(Loss) on Plan Assets	3.47	0.32
Fair value of plan Assets at the end of the year	**734.90**	**604.67**

(Amount ₹ in Lakh)

Amount recognised in other comprehensive income	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Opening amount recognised in OCI	176.14	106.8
Re-measurements due to :		
Effect of Change in Financial Assumption	100.15	38.07
Effect of Change in Demographic Assumption	1.65	(0.20)
Effect of Experience Adjustments	49.92	31.79
Actuarial (Gain)/Loses	**151.72**	**69.66**
Return on Plan Assets (excluding Interest)	(3.47)	(0.32)
Total Re-measurements recognised in OCI	**148.25**	**69.34**
Amount recognised in OCI at the end of the year	**324.39**	**176.14**
Actuarial assumptions		
Discount Rate	6.15%	6.40%
Expected Rate of Return on Assets	6.15%	6.40%
Employee Attrition Rate	15.00%	13.00%
Future Salary Increases considering Inflation, Seniority, Promotion	8.00%	6.00%

Leave Encashment Plan

(Amount ₹ in Lakh)

Net Asset / (Liability) recognised in the Balance Sheet	As at 31-Mar-2021	As at 31-Mar-2020
Present Value of Obligation	(780.23)	(652.17)
Fair Value of Plan Assets	480.14	202.77
Net Funded Obligation	(300.09)	(449.40)
Net Asset /(Liability) recognised in the Balance Sheet	**(300.09)**	**(449.40)**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.32 .1 Gratuity and Leave Encashment (Contd..)

Leave Encashment Plan (Contd..)

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Service Cost	184.69	201.49
Interest Cost	36.40	32.77
Net Actuarial (Gain)/Loss recognised during the Year	8.08	77.60
Expected Return on Plan Asset	(12.98)	(5.02)
Total Expense/(Income) charged to Income and Expenditure Account	**216.19**	**306.84**

(Amount ₹ in Lakh)

Reconciliation of Net Defined Benefit Liability /(Asset)	As at 31-Mar-2021	As at 31-Mar-2020
Opening Net Defined Benefit Liability/(Asset)	449.40	507.80
Total Expense (Income) recognised in Income and Expenditure Account	216.19	306.84
Actual Employer Contribution	(365.51)	(365.24)
Liability/(Asset) recognised in the Balance Sheet	**300.08**	**449.40**

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the Year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Present Value of Obligation at the beginning of the Year	652.17	577.07
Current Service Cost	184.69	201.49
Interest Cost	36.40	32.77
Actuarial (Gain)/Loss on Obligation	73.78	90.97
Benefits Paid	(166.81)	(250.13)
Present Value of Obligation at the end of the Year	**780.23**	**652.17**

(Amount ₹ in Lakh)

Change in Assets during the Year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Fair Value of Plan Assets at the beginning of the Year	202.77	69.27
Expected Return on Plan Assets	12.98	5.02
Contributions Made	365.51	365.24
Benefits Paid	(166.81)	(250.13)
Actuarial Gain/(Loss) on Plan Assets	65.70	13.37
Fair Value of Plan Assets at the end of the Year	**480.15**	**202.77**
Actuarial Assumptions		
Discount Rate	6.15%	6.40%
Expected Rate of Return on Assets	6.15%	6.40%
Employee Attrition Rate	15.00%	13.00%
Future Salary Increases considering Inflation, Seniority Promotion	8.00%	6.00%
Retirement Age	60 years	60 Years

2.33 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Rent Rates & Taxes	262.18	216.43
Travelling & Conveyance Expenses	486.60	468.57
Computer Consumables	23.03	20.80
Housekeeping	125.86	157.25
Travel Expenses - Overseas	7.93	173.83
Electricity	136.22	163.23

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.33 Administrative and Establishment Expenses (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Meeting Expenses	19.75	198.37
Telephone & Communication Expenses	142.31	83.29
Security Charges	83.88	86.23
Office Maintenance	186.97	112.00
Sitting Fees to Directors	55.65	97.50
Travel Expenses - Directors	-	33.86
Boarding & Internet Expenses - Directors	8.66	0.20
Insurance- Cyber, Asset & Others	357.30	236.36
Repair & Maintenance Charges	36.86	45.70
Printing & Stationery	15.54	31.10
Hire & Rental Equipment	137.79	0.49
Internal Audit Fees	57.03	29.70
Postage & courier	7.28	12.31
Staff Relocation Expenses	12.99	14.15
Bank Charges	4.47	25.71
Employer - Profession Tax	0.08	0.11
Total	**2,168.36**	**2,207.19**

2.34 Depreciation and Amortisation expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Depreciation on tangible assets (Sch. 2.1)	6,114.76	5,130.38
Amortisation on intangible assets (Sch. 2.4)	6,208.12	5,559.93
Depreciation on Right to use assets (Sch. 2.2)	1,712.35	1,480.47
Total	**14,035.23**	**12,170.78**

2.35 Other Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Professional Fees	1,954.84	2,400.12
Legal fees	101.21	189.21
Insurance - RuPay*	1,778.89	3,246.10
Marketing Expenses	4,557.95	12,996.19
Airport Lounge Fees	649.63	2,033.59
POS enablement- International Alliance	999.13	1,999.63
UPI Media Campaign expenses	650.00	1,895.50
Contribution to Payment Infrastructure Development Fund-RBI	3,550.00	-
Advertisement / Promotion Expenses	475.37	730.26
Rupay Credit card Incentive	4,657.00	-
Paper to Follow - CTS Charges	369.70	1,232.51
Training and Seminar	686.32	133.58
Software & IT Expenses	332.69	170.55
Membership Fees/Subscription	274.47	355.73
Processing fees - Line of Credit / SGM Expenses	1,777.61	2,283.88
Recruitment Expenses	177.88	160.27
Foreign Exchange (gain)/loss	12.98	6.05
CSR Expenses**	1,990.14	600.14
Escrow Agency fees	-	3.25
Conference / Seminar /Study Visit - International	-	119.46
Asset written off	50.05	2.90

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.35 Other Expenses (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Other Write off	5.28	0.95
Auditor's Remuneration***	8.00	5.75
Tax Audit fees	1.40	1.35
Interest Charge (IND AS Lease)	286.62	228.59
GST Audit Fees	2.00	1.58
Allowance for Credit Losses	54.91	-
Miscellaneous Expenses	207.03	81.31
Total	**25,611.10**	**30,878.45**

*Insurance – RuPay card consists of premium paid for providing accidental insurance coverage for RuPay card holders.

**** 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 ₹ 899 lakhs.

(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	1,990.14	-	1,990.14

*Amount spent during the year includes unspent amount of prior years aggregating to ₹ 1091.14 lacs

*****Auditor's Remuneration**

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Statutory Audit Fees	5.75	3.50
Audit Fees for Limited Review	2.25	2.25
Total	**8.00**	**5.75**

2.36 Earnings per Share

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
For Continuing operations		
Net Surplus as per statement of Income and Expenditure	43,313.81	38,691.33
Weighted Average Number of Equity Shares	136.20	133.86
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	318.02	289.03
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	318.02	289.03
For Discontinued operations		
Net Surplus as per statement of Income and Expenditure	(1,022.97)	(1,857.13)
Weighted Average Number of Equity Shares	136.20	140.37
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	(7.51)	(13.23)
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	(7.51)	(13.23)
For Continuing & Discontinued operations		
Net Surplus as per statement of Income and Expenditure	42,290.84	38,759.19
Weighted Average Number of Equity Shares	136.20	140.37
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	310.51	276.13
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	310.51	276.13

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.37 Discontinued Operations

The Board of the Company in its meeting held on 17th February, 2021 had approved to transfer of BBPCU from NPCI to the NPCI Bharat BillPay Limited (NBBL), wholly owned subsidiary and had also approved the draft agreements to be executed between the aforesaid entities with respect to hive off of BBPCU in accordance with the directives given by the RBI subject to the final approval of the RBI.

Subsequently NPCI received RBI letter dated 24th March 2021 bearing no. DPSS.CO.AD.No .S21/02.14.004/2019-20, granting approval for transferring the license granted to NPCI along with all rights and obligations attached thereto with respect to BBPCU to NBBL. The Management has decided to make effective from 1st April 2021 (Effective Date). The Business Transfer Agreement and other relevant agreements and arrangements is being formalised accordingly.

The value of assets exchanged will be settled in cash between the two entities as approved by the Boards of both the entities.

Accordingly the assets and liabilities of BBPCU are classified as assets held for distribution and the results of the operations have been classified as Discontinued operations.

The Results of BBCU for the year are presented below:

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Income		
Revenue from Operations	1,360.23	722.00
Other Income	64.59	16.00
Total Income	**1,424.82**	**738.00**
Expenses		
Operating Expenses	197.95	341.95
Employee Benefits Expenses	1,114.48	1,162.30
Administrative and Establishment Expenses	31.25	96.08
Depreciation and Amortisation Expenses	485.31	550.00
Other Expenses	618.79	444.80
Total Expenses	**2,447.79**	**2,595.13**
Surplus Before Tax	**(1,022.97)**	**(1,857.13)**
Tax Expense		
Current Tax	-	-
Deferred Tax	-	-
Total Tax Expenses	**-**	**-**
Surplus After Tax	**(1,022.97)**	**(1,857.13)**

The major class of assets and liabilities as held for sale as at 31st March 2021 are as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021
ASSETS	
Property, Plant & Equipment	306.12
Intangible Assets	185.61
Trade Receivables	6.26
Other Financial Assets	1,143.00
Assets classified as held for sale	**1,640.99**
Liabilities	
Trade Payables	125.00
Other Financial Liabilities	1,149.89
Provisions	238.00
Total Current Liabilities	**1,512.89**
Net assets directly associated with discontinued unit	**128.10**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.38 Related Party Disclosures

Name of KMP / Related parties:

Key Managerial Personnel	Particulars	Date of appointment	Date of Retirement / Cessation
Mr. Biswamohan Mahapatra	Chairman	08-Feb-18	-
Mr. Deepak Kumar	Nominee Director from Reserve Bank of India	02-May-19	-
Prof. G. Sivakumar	Independent Director	21-Jun-16	-
Dr. Santanu Paul	Independent Director	09-Nov-16	-
Dr. Amitha Sehgal	Independent Director	26-Dec-18	-
Mr. Srinivasan Venkatraman	Independent Director	15-Jul-20	
Mr. Swaminathan Janakiraman	Nominee Director from State Bank of India	11-Oct-19	24-Jun-20
Mr. Ravindra Pandey	Nominee Director from State Bank of India	29-Jun-20	-
Mr. Nitesh Ranjan	Nominee Director from Union Bank of India	20-Nov-20	
Mr. Ajay Khurana	Nominee Director from Bank of Baroda	01-Mar-21	
Mr. Sudhiranjan Padhi	Nominee Director from Bank of Baroda	29-Jun-20	05-Oct-20
Mr. Sunil Soni	Nominee Director from Punjab National Bank	24-Jun-19	-
Mr. Ajay Kumar Kapoor	Nominee Director from HDFC Bank	20-Mar-18	-
Mr. Pankaj Gadgil	Nominee Director from ICICI Bank	08-Aug-19	-
Mr. Siddharth Rungta	Nominee Director from HSBC	09-Sep-19	12-Oct-20
Ms. Mridula Iyer	Nominee Director from Citibank. N.A.	05-Nov-20	-
Mr. Rajiv Anand	Nominee Director from Axis Bank	09-Nov-16	-
Mr. Premnath Salian	Nominee Director from Abhyudaya Co-operative Bank Limited	01-Nov-18	08-Oct-20
Mr. Nagesh Vaidya	Nominee Director from Kerala Gramin Bank	05-Nov-20	12-Jan-21
Mr. Jayaprakash C.	Nominee Director from Kerala Gramin Bank	17-Feb-21	-

Key Managerial Personnel of the Company	Designation	Date of appointment	Date of Retirement/ Cessation
Mr. Dilip Asbe	Managing Director & CEO	08-Jan-18	-
Mr. Rupesh Acharya	Chief Financial Officer	19-Mar-20	-
Ms. Priyanka Agrawal	Company Secretary	14-May-18	-

Name of Related Parties	Nature of Relationship
NPCI International Payments Limited (Related party from 03-Apr-2020)	Subsidiary Company
NPCI Bharat BillPay Limited (Related party from 10-Dec-2020)	Subsidiary Company
Andhra Bank (Ceased to be related party as on 28-Feb-2021)	Entity with common director
Axis Bank Limited	Entity with common director
Union Bank of India (Related party from 01-Mar-2021)	Entity with common director
Indian Overseas Bank	Entity with common director
Ujjivan Small Finance Bank Limited	Entity with common director
Indian Financial Technology and Allied Services	Entity with common director
Indian Institute of Banking & Finance	Entity with common director
Kerala Gramin Bank (Related party from 03-Nov-2020)	Entity with common director
Bank of Baroda (Related party from 01-Mar-2021)	Entity with common director
National Securities Depository Limited	Entity with common director
NSDL Payments Bank Limited	Entity with common director
Yes Bank Limited	Entity with common director
Mahindra & Mahindra Financial Services (Ceased to be related party as on 21-Jan-2020)	Entity with common director
ICICI Bank Limited (Ceased to be related party as on 21-Jan-2020)	Entity with common director
Jio Payments Bank Limited (Ceased to be related party as on 19-Mar-2020)	Entity with common director
SBI Payment Services Private Limited (Ceased to be related party as on 24-Jun-2020)	Entity with common director

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Transactions with Related Parties

The details of Related Party Transactions entered into by the Company for the year ended 31st March, 2021 are as below:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Transaction	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Axis Bank Limited	Receiving of services	1,519.28	1,735.63
Andhra Bank	Receiving of services	124.49	415.93
ICICI Bank Limited	Receiving of services	-	176.75
Indian Overseas Bank	Receiving of services	834.46	33.05
National Securities Depository Limited	Receiving of services	0.11	480.45
Indian Financial Technology and Allied Services	Receiving of services	8.29	7.50
SBI Payment Services Private Limited	Receiving of services	-	150.00
Indian Institute of Banking and Finance	Receiving of services	0.55	-
NSDL Payments Bank Limited	Receiving of services	0.24	-
Yes Bank Limited	Receiving of services	102.26	-
Union Bank of India	Receiving of services	1,098.90	-
Kerala Gramin Bank	Receiving of services	1.96	-
Bank of Baroda	Receiving of services	862.17	-
Andhra Bank	Rendering of services	29.23	2,646.86
Axis Bank Limited	Rendering of services	9,569.81	8,617.69
Indian Overseas Bank	Rendering of services	2,315.72	2,489.19
ICICI Bank Limited	Rendering of services	-	9,129.49
Ujjivan Small Finance Bank Limited	Rendering of services	162.19	150.65
Jio Payments Bank Limited	Rendering of services	-	14.36
NSDL Payments Bank Limited	Rendering of services	123.71	5.80
SBI Payment Services Private Limited	Rendering of services	-	5.31
Indian Financial Technology and Allied Services	Rendering of services	23.84	-
Yes Bank Limited	Rendering of services	20.20	-
Union Bank of India	Rendering of services	3,744.07	-
Kerala Gramin Bank	Rendering of services	61.84	-
Bank of Baroda	Rendering of services	1,092.66	-
NPCI Bharat BillPay Limited	Reimbursement of Stamp duty payment	97.98	-
NPCI International Payments Limited	Reimbursement of Stamp Duty payment	95.93	-
	Reimbursement of Legal Consultancy Fees	2.69	-
	Reimbursement of Staff Welfare expenses	1.31	-
	Shared Services cost	30.14	-
	Gratuity & Leave encashment recovery	35.01	-
	Reimbursement of Salary & conveyance	47.61	-
Total		**22,006.65**	**26,058.66**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Details of Amounts Due to or Due from Related Parties as at 31st March, 2021

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	As at 31-Mar-2021	As at 31-Mar-2020
Andhra Bank	Deposit	-	625.30
National Securities Depository Limited	Deposit	-	1.00
NSDL Payments Bank Limited	Deposit	75.00	15.00
Axis Bank Limited	Deposit	4,297.91	4,297.91
Mahindra & Mahindra Financial Services	Deposit	-	1.00
Ujjivan small Finance Bank Ltd	Deposit	-	173.28
ICICI Bank Ltd	Deposit	-	4,426.60
Indian Overseas Bank	Deposit	172.61	167.61
Jio Payments Bank Limited	Deposit	-	10.00
Yes Bank Limited	Deposit	6,851.87	-
Union Bank of India	Deposit	49.51	-
Kerala Gramin Bank	Deposit	10.00	-
Bank of Baroda	Deposit	890.81	-
Indian Overseas Bank	Trade Payable	1.90	-
NSDL Payments Bank Limited	Trade Payable	0.09	-
Yes Bank Limited	Trade Payable	0.01	-
Axis Bank Limited	Trade Payable	18.37	17.69
Union Bank of India	Trade Payable	55.38	-
Bank of Baroda	Trade Payable	92.51	-
Kerala Gramin Bank	Trade Payable	0.01	-
Total		**12,515.98**	**9,735.39**

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Andhra Bank	Trade receivable	-	15.43
ICICI Bank Limited	Trade receivable	-	137.27
Axis Bank Limited	Trade receivable	16.44	116.77
Indian Financial Technology and Allied Services	Trade receivable	23.84	0.55
Indian Overseas Bank	Trade receivable	12.62	21.8
Ujjivan Small Finance Bank Limited	Trade receivable	-	0.2
SBI Payment Services Private Limited	Trade receivable	-	0.13
Jio Payment Bank	Trade receivable	-	0.24
NPCI International Payments Limited	Trade receivable	20.99	-
NPCI Bharat BillPay Limited	Other Advances	97.78	-
NPCI International Payments Limited	Other Advances	23.73	-
NSDL Payments Bank Limited	Trade receivable	0.16	-
Union Bank of India	Trade receivable	61.02	-
Kerala Gramin Bank	Trade receivable	0.04	-
National Securities Depository Limited	Trade receivable	0.09	-
Yes Bank Limited	Trade receivable	0.65	-
Bank of Baroda	Trade receivable	6.96	-
Total		**264.32**	**292.39**

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Sitting Fees	55.65	97.50
Honorarium Fees	43.90	8.25
Total	**99.55**	**105.75**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Short Term Employee Benefits	309.38	233.71
Post-Employment Benefits*	-	6.98
Other Long Term Benefits	3.83	-
Total	**313.21**	**240.69**

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

2.39 Lease disclosure

In current year, the Company has recognised Interest on Lease Liability and Amortization of Right of use Asset as per IND-AS 116 'Lease' in the statement of Income and Expenditure under:

i. Interest on Lease Liability of ₹ 286.62 lakh.

ii. Amortization of Lease Liability of ₹ 1,712.35 lakh.

iii. The total outstanding cash outflow for lease as per the agreement is ₹ 4,893.67 lakh.

iv. The carrying amount of Right of use asset as on 31st March, 2021 is ₹ 3,641.55 lakh.

The Company has taken premises under leave and license agreement, the rent and escalation depends upon the lease by the Company. The Company has given refundable interest free security deposits under certain agreements.

The disclosure requirement and maturity analysis of lease liability and asset as per IND-AS 116 are as follows:

i) The net carrying amount of Right of use asset:

(Amount ₹ in Lakh)

Particular	As at 1-Apr-2020	Addition	Deletion / Amortization	As at 31-Mar-2021
Right of use of Asset	2,802.53	2,551.37	1,712.35	3,641.55

ii) Reconciliation between the total minimum lease payment as on 31st March, 2021 and their present value is as below:

(Amount ₹ in Lakh)

Particular	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liability as at balance sheet date	3,943.60	2811.79
Add: Interest	950.07	280.49
Minimum Lease Payment	**4,893.67**	**3092.28**

iii) Maturity Analysis of the Minimum lease payment for the following years as follow:

(Amount ₹ in Lakh)

Particular	As at 31-Mar-2021	As at 31-Mar-2020
Not Later than 1 year	1,549.17	1,259.35
Later than 1 year but not more than 5 year	1,922.14	1832.93
More than 5 year	1,422.35	-
Total	**4,893.67**	**3092.28**

2.40 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.41 Contingent Liabilities and Commitments

(Amount ₹ in Lakh)

Contingent Liabilities and Commitments (to the extent not provided for)	As At 31-Mar-2021	As At 31-Mar-2020
(i) Commitments		
(a) Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for	38,394.25	60,158.85
(b) Revenue Commitments	29,180.27	13,297.77
Sub Total	**67,574.52**	**73,456.62**
(ii) Contingent Liabilities on Account of Tax Demand		
Income Tax Demand for AY 2010-2011	309.26	301.28
Income Tax Demand for AY 2011-2012	183.27	183.27
Income Tax Demand for AY 2012-2013	-	831.28
Income Tax Demand for AY 2013-2014	578.22	578.22
Income Tax Demand for AY 2015-2016	467.50	467.5
Income Tax Demand for AY 2016-2017	1,304.48	1,304.48
Sub Total	**2,842.73**	**3,666.03**
(iii) Contingent Liabilities – Other Matters	2,597.00	2,597.00
Sub Total	**2,597.00**	**2,597.00**
Total	**73,014.25**	**79,719.65**

Contingent Liability for Income Tax:

As per the Tax Consultant and as advised, the Company will be 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 demands 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 is in appeal at Commissioner of Income Tax (Appeals) which is discussed in details here. The Contingent liability is calculated for AY 2011-2012, AY 2013-14, AY 2015-16 and AY 2016-17. For AY 2010-11 and AY 2012-2013, Hon'ble ITAT has directed lower tax authorities to all the claim of exemption u/s 11 and 12 of the Income Tax Act, 1961 and for which order giving effect to ITAT has been passed resulting refund. For AY 2014-2015 ,AY 2017-18 and AY 2018-19 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 ,AY 2017-18 and AY 2018-19.

Assessment Year 2010-11:

The Contingent liability for A.Y. 2010-11 amounts to ₹ 309.26 lakh is on account of demand raised for penalty as per order u/s 271(1)(c) by the revenue tax authority against which the Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai . The hearing for the said appeal has been concluded and CIT(A) Order is awaited.

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 ₹ 1623.27 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 2013-14:

The Contingent liability for A.Y. 2013-14 amounts to ₹ 578.22 lakh is on account of difference between the tax demands by the Revenue Authority of ₹ 1,803.62 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 other deductions. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 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 and other deductions. 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 and other deductions. 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.

2.42 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 Cases
List of Cases Where NPCI is the Direct Party (i.e. Only party or First Party)	
District Consumer Dispute Resolution Commission, Mumbai, Maharashtra	2
State Commission , Kullu, Himachal Pradesh.	1
State Commission , Mumbai, Maharashtra	1
List of Cases Where NPCI is a responding party along with other responding party/parties.	
District Consumer Dispute Resolution Commission, Durg, Chhattisgarh	7
District Consumer Dispute Resolution Commission, Shri Ganganagar, Rajasthan	1
District Consumer Dispute Resolution Commission, Amreli, Gujarat	1
District Consumer Dispute Resolution Commission, Auriya, Uttar Pradesh	1
District Consumer Dispute Resolution Commission, Mehsana, Gujarat	1
District Consumer Dispute Resolution Commission, Janjgir, Champa, Chhattisgarh	1
District Consumer Dispute Resolution Commission, Ludhiana, Punjab	1
District Consumer Dispute Resolution Commission, Panchkula, Haryana	1
District Consumer Dispute Resolution Commission, Bharatpur, Rajasthan	1
District Consumer Dispute Resolution Commission, Barmer, Rajasthan	1
District Consumer Dispute Resolution Commission, Thane, Maharashtra	1
District Consumer Dispute Resolution Commission, Rewari, Haryana	1
District Consumer Dispute Resolution Commission, Jalor, Rajasthan	1
District Consumer Dispute Resolution Commission, Nashik, Maharashtra	1
Permanent Lok Adalat, Panchkula, Haryana	1
Permanent Lok Adalat, Azamgarh, Uttar Pradesh	1
State Commission, Aurangabad, Maharashtra	1
District Consumer Dispute Resolution Commission, Jaipur-II, Rajasthan	1
Permanent Lok Adalat, Sikar, Rajasthan	1

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.43.1 Value of Import of Services

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Software License / Consultancy charges	317.96	405.97
Cwip - Building And Premises	67.46	-
Computers and Printers	-	8.60
Total	**385.42**	**414.57**

2.43.2 Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Foreign Travel Expenses (Diem Allowance)	-	85.71
Software AMC Expenses	24.64	170.23
Conference / Seminar / Study Visit Expenses	-	115.74
Escrow Agent Fees / Professional Fees	473.22	242.08
Subscription and Membership Fees	131.52	34.51
Training and Seminar Charges	125.87	3.08
Foreign Exchange Loss	-	5.97
Advertising and Publicity Expenses	0.27	59.22
Total	**755.52**	**716.54**

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.

2.44 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	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
a. (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	-	-
(ii) Interest due on above	-	-
Total	-	-
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

for the year ended 31st March, 2021

2.45 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 Systems 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 Systems 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 ₹ 15,700 lakh has been provided for the year ended 31st March, 2021, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax income of ₹ 29.88 lakh as per the applicable of Accounting Standard.

2.46 COVID Impact

The company is continuously monitoring the impact of COVID-19 on its financial position. Covid 19 is continuous affecting economic activities in India and abroad and, as a result, may impact the payment industry in which the Company operates. On the basis of the companies monitoring it has identified that there is not material impact of Covid 19 on its financial position.

2.47 There are no material prior period errors which can impact the financial position of the company as per IND AS 8.

2.48 Previous year's figures have been regrouped, reclassified & rearranged to correspond with the current year figures / presentation wherever necessary.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Independent Auditors' Report

To
The Members of
National Payments Corporation of India

Report on the Audit of the Ind AS Consolidated Financial Statements

Opinion

We have audited the accompanying Ind AS consolidated financial statements of **NATIONAL PAYMENTS CORPORATION OF INDIA** ("the Holding Company") and **NPCI Bharat BillPay Limited, NPCI International Payments Limited** its subsidiaries, (the Holding Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at 31st March 2021, the Consolidated Statement of Income & Expenditure, including the statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of cash flow year ended on that date, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Ind AS consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March 2021, its Consolidated profit including other comprehensive income, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS consolidated 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 consolidated financial statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Ind AS consolidated financial statements under the provisions of the Act and the Rules there under, 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 consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matters	Audit Procedures followed to address the key Matters

Litigations and Contingencies
 	
Reasons why the matter was determined to be a key audit matter
 	
The company is subject to income tax related claims which have been disclosed / provided for in the financial statements
 	
Taxation litigation exposures have been identified as a key audit matter due to the timescales involved for resolution and the potential financial impact arising out of these on the financial statements given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures. Further significant management judgement is involved in assessing the exposure of each case and eventual obligation on the company
 	
Refer note 2.22, 2.28 and 2.41 to the Ind AS Standalone financial statements.
	Our audit procedures include the following substantive procedures:
	
	• Obtained an understanding of key tax matters, and
	
	• The audit team, along with our internal tax experts:
	
	  • Read and analysed select key correspondences, external legal opinions/consultations obtained by the company for tax matters
	
	  • Evaluated and challenged the assumptions made by the company in estimating the current and deferred tax balances;
	
	  • Assessed company's estimate of the possible outcome of the disputed cases by considering current Favourable Legal Decisions and
	
	  • Assessed and tested the presentation and disclosures relating to taxes.

Information Other than the Ind AS Consolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the Ind AS consolidated 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 consolidated 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.

Management's and Board of Directors Responsibility for the Ind AS Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit / loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group 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 Group 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 consolidated 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 consolidated financial statements, the respective management and Board of Directors of the companies included in the Group is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors are responsible for overseeing the Group's financial reporting process.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in Ind AS consolidated financial statements made by Management and Board of Directors.

- 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 Group'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 Ind AS consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS consolidated financial statements, including the disclosures, and whether the Ind AS consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 2 subsidiaries whose financial statements reflect total assets of ₹ 133.66 crore as at March 31, 2021, total revenues of ₹ 1.86 crore and net cash inflows amounting to ₹ 86.13 crore for the year ended on that date, as considered in the Ind AS consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the Ind AS consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. 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 purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Income and Expenditure including the Statement of Other Comprehensive Income, Consolidated Statement of Changes in Equity the and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Ind AS consolidated financial statements comply with the Ind AS 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 of the Holding Company as on 31st March 2021 taken on record by the Board of Directors of Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March 2021 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 with reference to Ind AS consolidated financial statements with reference to these Ind AS consolidated financial statements of the Group 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 2021 has been paid / provided by the Holding Company and its subsidiaries 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 Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements. Refer note 2.41 & 2.42 to the Consolidated Ind AS financial statements;

      ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, incorporated in India during the year ended March 31, 2021.

2. 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 group's Accounting policies and the Notes thereto are given below:

Directions issued by C&AG as applicable to Holding Company - National Payments Corporation of India (NPCI) and its subsidiary - NPCI International Payments Ltd (NIPL) for the year 2020-21.

S. No.	DIRECTIONS	ANSWER
1.	Whether the Group 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.	1) The Group has system in place to process all the accounting transactions through IT systems except for the following:- • Recognition and measurement of Lease Liability and right of use and depreciation of right to use asset in accordance with Ind-AS 116 and Recognition and measurement of Financial Assets in accordance with Ind-AS 109. • Function of treasury management is carried through separate software (TMS) which is integrated with the IT system. The entry from the software is posted in the IT system on approval of the authorized person. • HR Related processing of data has been outsourced by the company to a third party. The processed data received by the company is then integrated with the main IT System. • Measurement of Operational Income is done through separate software which is not integrated with the IT system. Recognition of revenue in the IT system is being done through report generated from separate software. Though manual controls are available with respect to the aforementioned functions, they may not suffice and the said functions are required to be routed through IT system.
2.	Whether there are any restructuring of an existing loan or cases of waiver / Write off of debts / loans / Interest etc. made by lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.	Not Applicable Group has not availed any loan.
3.	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.	Not Applicable There are no case of funds received/receivable for specific schemes from Central/state agencies.

Additional directions issued by C&AG as applicable to Holding Company - National Payments Corporation of India (NPCI) and its subsidiary - NPCI International Payments Ltd (NIPL) for the year 2020-21.

S. No.	ADDITIONAL DIRECTIONS	ANSWER
1.	NBFC dealing with digital payment products and services Whether the security controls for digital payments and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18th February 2021?	**In respect of Holding Company (NPCI) our comments are as follows :** The Management is of the opinion that said circular shall come into full effect after six months from the day they are placed on the official website of RBI. It is informed that NPCI will initiate a detailed compliance assessment by a competent third party such as a Cert-IN empaneled auditor for its products. Currently NPCI has started identifying Cert-IN empaneled auditors. NPCI will initiate and complete the assessment as per the timelines from 1st May 2021 till 31st July 2021.

S. No.	ADDITIONAL DIRECTIONS	ANSWER
		Further it is informed that 1) NPCI analyzed the requirements mentioned in the RBI Master Direction and a detailed point-by point action wise tracker has been drafted and the points were allocated to different teams within the company to check compliance for their respective domain requirements. Also to review applicability of individual action points to different products and services (independent of the fact that whether the product is digital payment product or non-digital payment product), a product-wise tracker was also drafted to check product level applicability and compliance. 2) Members from different teams in the company reviewed the points for their respective products, domains and updated the compliance status based on the current processes followed. Similar activity was carried out by product teams primarily to review the applicability of the requirements based on their mode /channel of business (for e.g. internet banking, mobile application, card payment etc.). This review has been carried out based on NPCI understanding of the requirements. **In respect of Subsidiary Company (NIPL) the statutory auditor of the company has commented as follows :** The circular shall come into effect six month from the day they are placed on the official website of RBI. Hence the circular is not applicable for the FY 2020-21. However as informed to us, the Company from its preparedness point of view carried out a detail review of RBI Master Directions on Digital Payment Security Controls, to adopt the best practices wherever applicable and has identified certain points which are relevant from company perspective including General Controls, Internet Banking Security Controls, Mobile Payments Application Security Controls & Card Payments Security etc.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548
UDIN: 21078548AAAAJO1013

Place: Mumbai
Date: 12th May, 2021

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 2 (f) UNDER 'REPORT ON Other Legal and Regulatory Requirements' section of our report of even date')

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 with reference to Ind AS consolidated financial statements of NATIONAL PAYMENTS CORPORATION OF INDIA ("the Holding company") and its subsidiaries as of 31st March 2021 in conjunction with our audit of the Ind AS consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The respective management of the Holding Company and its subsidiary companies is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS consolidated financial statements (the "Guidance Notes") 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 Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards, issued by ICAI on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both are 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 with reference to Ind AS consolidated financial statements 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 with reference to Ind AS consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS consolidated financial statements included obtaining an understanding of internal financial controls with reference to the Ind AS consolidated financial statements, 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 Ind AS consolidated 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 internal financial controls system with reference to the Ind AS consolidated financial statements.

Meaning of Internal Financial Controls With reference to Ind AS consolidated financial statements

6. A company's internal financial control with reference to Ind AS consolidated financial statements 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 with reference to Ind AS consolidated financial statements 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 With reference to Ind AS consolidated financial statements

7. Because of the inherent limitations of internal financial controls with reference to Ind AS consolidated financial statements, 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 with reference to Ind AS consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to Ind AS consolidated financial statements 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 the explanation given to us, the Holding Company and its subsidiary companies has, in all material respects, an adequate internal financial controls system with reference to Ind AS consolidated financial statements and such internal financial controls with reference to Ind AS consolidated financial statements were operating effectively as at 31st March 2021, based on the internal control with reference to Ind AS consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to Ind AS consolidated financial statements issued by the Institute of Chartered Accountants of India.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548
UDIN: 21078548AAAAJO1013

Place: Mumbai
Date: 12th May, 2021

Independent Auditors' Report

To
The Members of
National Payments Corporation of India

Addendum to the Report on the Audit of the Ind AS Consolidated Financial Statements

This Addendum forms part of the Amended Independent Auditor's report on the Ind AS Consolidated Financial Statements dated 12th May 2021 except to Paragraph 2 of others matters and note added in additional directions in respect of NBBL which is as of 12th July, 2021 issued for the F.Y 2020-21.This addendum is being issued pursuant to the directives issued by the office of Comptroller and Auditor General of India and accordingly we hereby report the following:

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 Group's Accounting policies and the Notes thereto are given below.

Revised directions issued by C&AG as applicable to the company for the financial year 2020-21.

S. No.	REVISED DIRECTIONS	ANSWER
1.	Whether the Group 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.	1) The Group has system in place to process all the accounting transactions through IT systems except for the following:- • Recognition and measurement of Lease Liability and right of use and depreciation of right to use asset in accordance with Ind-AS 116 and Recognition and measurement of Financial Assets in accordance with Ind-AS 109. • Function of treasury management is carried through separate software (TMS) which is integrated with the IT system. The entry from the software is posted in the IT system on approval of the authorized person. • HR Related processing of data has been outsourced by the to a third party. The processed data received by the is then integrated with the main IT System. • Measurement of Operational Income is done through separate software which is not integrated with the IT system. Recognition of revenue in the IT system is being done through report generated from separate software. Though manual controls are available with respect to the aforementioned functions, they may not suffice and the said functions are required to be routed through IT system.
2.	Whether there are any restructuring of an existing loan or cases of waiver / Write off of debts / loans/ Interest etc. made by lender to the due to the 's inability to repay the loan? if yes, the financial impact may be stated. **Whether such cases are properly accountant for? (in case, lender is a Government , then its direction is also applicable for statutory auditor of lender)**	Not Applicable The Group has not availed any loan.
3.	Whether funds **(grants/ subsidy etc)** received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Not Applicable There are no case of funds received /receivable for specific schemes from Central/state agencies.

Additional directions issued by C&AG as applicable to Holding Company - National Payments Corporation of India (NPCI) and its subsidiary - NPCI International Payments Ltd (NIPL) and NPCI Bharat Bill Pay Limited (NBBL) for the year 2020-21.

S. No.	ADDITIONAL DIRECTIONS	ANSWER
1.	NBFC dealing with digital payment products and services Whether the security controls for digital payments and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18th February 2021?	**In respect of Holding Company (NPCI) our comments are as follows :** The Management is of the opinion that said circular shall come into full effect after six months from the day they are placed on the official website of RBI. It is informed that NPCI will initiate a detailed compliance assessment by a competent third party such as a Cert-IN empaneled auditor for its products. Currently NPCI has started identifying Cert-IN empaneled auditors. NPCI will initiate and complete the assessment as per the timelines from 1st May 2021 till 31st July 2021. Further it is informed that 1) NPCI analyzed the requirements mentioned in the RBI Master Direction and a detailed point-by point action wise tracker has been drafted and the points were allocated to different teams within the company to check compliance for their respective domain requirements. Also to review applicability of individual action points to different products and services (independent of the fact that whether the product is digital payment product or non-digital payment product), a product-wise tracker was also drafted to check product level applicability and compliance. 2) Members from different teams in the company reviewed the points for their respective products, domains and updated the compliance status based on the current processes followed. Similar activity was carried out by product teams primarily to review the applicability of the requirements based on their mode /channel of business (for e.g. internet banking, mobile application, card payment etc.). This review has been carried out based on NPCI understanding of the requirements. In respect of Subsidiary Company (NIPL) and the statutory auditor of the company has commented as follows : As explained by the management, the company does not fall under Regulated Entities as per the Master Circular of RBI dated 18.02.2021 in respect of whom this direction is applicable. Further the said circular shall come into effect six month from the day they are placed on the official website of RBI. Hence the circular is not applicable for the FY 2020-21. However as informed to us, the Company from its preparedness point of view carried out a detail review of RBI Master Directions on Digital Payment Security Controls, to adopt the best practices wherever applicable and has identified certain points which are relevant from company perspective including General Controls, Internet Banking Security Controls, Mobile Payments Application Security Controls & Card Payments Security etc.

S. No.	ADDITIONAL DIRECTIONS	ANSWER
		In respect of Subsidiary Company (NBBL) the statutory auditor of the company has commented as follows : As explained by the management, the said circular is not applicable for the year ended 31.03.2021. The circular shall come into effect six month from the day they are placed on the official website of RBI. Hence the circular is not applicable for the FY 2020-21. However as informed to us, the Company from its preparedness point of view carried out a detail review of RBI Master Directions on Digital Payment Security Controls, to adopt the best practices wherever applicable and has identified certain points which are relevant from company perspective including General Controls, Internet Banking Security Controls, Mobile Payments Application Security Controls & Card Payments Security etc.

For **BANSHI JAIN & ASSOCIATES**
Chartered Accountants
FRN: 100990W

Parag Jain
Partner
Membership No: 078548

Consolidated Balance Sheet

as at 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	As at 31-Mar-2021	As at 31-Mar-2020
ASSETS			
Non-Current Assets			
a. Property, Plant & Equipment	2.1	27,799.55	29,008.36
b. Right of Use Assets	2.2	3,641.55	2,802.53
c. Capital Work-In-Progress	2.3	12,602.23	653.30
d. Intangible Assets	2.4	8,426.65	7,519.80
e. Intangible Assets under development	2.5	2,301.57	2,960.00
f. Financial Assets			
i. Investments	2.6	33,452.32	23,091.54
ii. Other Financial Assets	2.7	3,617.18	17,902.05
g. Other Non-Current Assets	2.8	377.38	4,097.74
Total Non-Current Assets		**92,218.43**	**88,035.32**
Current Assets			
a. Financial Assets			
i. Investments	2.9	28,597.22	21,043.77
ii. Trade Receivables	2.10	5,747.23	8,129.04
iii. Cash & Cash Equivalents	2.11	35,548.29	10,206.98
iv. Bank balances other than (iii) above	2.12	68,930.00	41,608.01
v. Other Financial Assets	2.13	116,741.53	83,297.89
b. Current Tax Assets (net)	2.14	3,841.78	4,174.88
c. Other Current Assets	2.15	12,461.26	6,716.87
Total Current Assets		**271,867.32**	**175,177.44**
Assets classified as held for Sale		**1,640.99**	**-**
TOTAL ASSETS		**365,726.74**	**263,212.76**
EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	2.16	14,036.69	13,386.70
b. Other Equity	2.17	201,699.85	152,992.52
Total Equity		**215,736.55**	**166,379.22**
Liabilities			
Non-Current Liabilities			
a. Financial Liabilities			
i. Lease liabilites	2.18	2,650.14	1,294.64
ii. Others Financial Liabilities	2.19	69,174.09	59,649.78
b. Other Non-Current Liabilities	2.20	468.08	207.35
c. Long Term Provisions	2.21	605.05	560.21
d. Deferred Tax Liabilities (net)	2.22	1,836.06	2,005.00
Total Non-Current Liabilities		**74,733.42**	**63,716.98**
Current Liabilities			
a. Financial Liabilities			
i. Trade Payables Due to:	2.23		
Micro and Small Enterprise		1.18	-
Other than Micro and Small Enterprise		3,482.35	1,866.42
ii. Lease liabilites	2.24	1,293.46	1,517.15
iii. Other Financial Liabilities	2.25	8,924.61	5,602.97
b. Other Current Liabilities	2.26	3,024.57	13.90
c. Provisions	2.27	26,733.05	23,436.70
d. Current Tax Liabilities (net)	2.28	30,284.66	679.42
Total Current Liabilities		**73,743.89**	**33,116.56**
Liabilities directly associated with assets held for Sale		**1,512.89**	**-**
TOTAL EQUITY AND LIABILITIES		**365,726.74**	**263,212.76**
Significant Accounting Policies & Notes on Accounts	1 & 2		

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Consolidated Statement of Income And Expenditure

for the year ended 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Income			
Revenue from Operations	2.29	112,159.77	109,208.93
Other Income	2.30	14,449.64	12,173.08
Total Income		**126,609.41**	**121,382.01**
Expenses			
Operating Expenses	2.31	9,197.18	7,856.93
Employee Benefits Expenses	2.32	16,989.63	14,515.87
Administrative and Establishment Expenses	2.33	2,217.84	2,207.19
Depreciation and Amortisation Expenses	2.34	14,035.23	12,170.78
Other Expenses	2.35	25,643.03	30,878.45
Total Expenses		**68,082.91**	**67,629.22**
Surplus Before Tax		**58,526.49**	**53,752.79**
Tax Expense			
Current Tax		15,700.00	13,800.00
Deferred Tax		(148.82)	(663.53)
Total Tax Expenses		**15,551.18**	**13,136.47**
Surplus for the period from continuing operations		**42,975.31**	**40,616.32**
Surplus/(Deficit) from discontinued operations		**(1,022.97)**	**(1,857.13)**
Surplus for the period		**41,952.34**	**38,759.19**
Other Comprehensive Income			
(i) Items that will not be reclassified to Income and Expenditure			
-Continuing operations			
Remeasurement of defined employee benefit plans		(151.72)	(69.66)
Return on plan assets (excluding interest)		3.47	0.32
(Income Tax relating to items that will not be reclassified to Income and Expenditure)		20.12	1.48
Total Other Comprehensive Income		**(128.13)**	**(67.86)**
Total Comprehensive Income for the period		**41,824.21**	**38,691.33**
Earnings per equity share (for continuing operations)			
1 Basic earnings per share (₹)	2.36	315.53	289.36
2 Diluted earnings per share (₹)		315.53	289.36
Earnings per equity share (for discontinued operations)			
1 Basic earnings per share (₹)		(7.51)	(13.23)
2 Diluted earnings per share (₹)		(7.51)	(13.23)
Earnings per equity share (for continuing and discontinued operations)			
1 Basic earnings per share (₹)		308.02	276.13
2 Diluted earnings per share (₹)		308.02	276.13

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Consolidated Statement of Cash Flow

for the year ended 31st March, 2021

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Cash flow from operation activities			
Net surplus for the period from continuing operations		58,526.49	51,895.66
Net surplus/(deficit) before tax from discontinued operation		(1,022.97)	-
Adjustment to reconcile net profit to net cash by operating activities			
Depreciation		14,035.23	12,720.78
Provision for employee benefit		44.84	5.00
Fixed assets written off		7.29	2.83
Unrealised foreign exchange (gain) / loss (net)		13.12	6.05
Changes due to change in accounting policy / prior period adjustments		-	50.52
Less : Interest income earned		(11,989.48)	(10,321.39)
Operating Surplus before working capital changes		**59,614.52**	**54,359.45**
Adjustment for:			
Trade and other receivable		(6,450.38)	(2,766.50)
Trade and other payable		24,402.70	37,281.52
Cash generated from operation		**77,566.84**	**88,874.47**
Less : Adjustment for Income tax		14,218.20	(16,074.66)
Less : Tax paid on Regular Assessment		-	-
Net cash from operating activities	**(A)**	**91,785.04**	**72,799.81**
Cash flow from investing activities			
Expenditure on Property, plant and equipment		(25,870.08)	(20,521.40)
Investment in earmarked funds		(28,096.31)	(40,302.73)
Investment own fund in Bank FD		(17,312.99)	(12,425.02)
Investment with Financial Institutions		2,400.00	2,300.00
Investments in Government securities (quoted)		(8,635.77)	(6,423.85)
Purchase of T-Bills		(8,953.86)	(8,220.80)
Interest income		11,989.48	10,321.39
Net cash used in investing activities	**(B)**	**(74,479.53)**	**(75,272.41)**
Cash flow from financing activities			
Net proceeds from issuance of equity shares		8,163.90	-
Net cash used in financial activities	**(C)**	8,163.90	-
Net asset directly associated - Discountinued operations		**(128.10)**	**-**
Net increase (decrease) in cash and cash equivalents (A+B+C)		**25,341.31**	**(2,472.60)**
Cash and cash equivalents (opening)		**10,206.98**	**12,679.58**
Cash and cash equivalents (closing)		**35,548.29**	**10,206.98**

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 & rearranged to conform to current period presentation wherever necessary.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Place : Mumbai
Date : 12th May, 2021

Consolidated Statement of Changes In Equity

for the year ended 31st March, 2021

2.16. Equity Share Capital

(Amount ₹ in Lakh)

Particulars	Amount
Balance as at 1st April, 2020	**13,386.70**
Changes in equity share capital during the period	649.99
Balance as at 31st March, 2021	**14,036.69**
Balance as at 1st April, 2019	**13,386.70**
Changes in equity share capital during the period	-
Balance as at 31st March, 2020	**13,386.70**

Other Equity

2.17 Statement of Changes in Equity

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus							Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustain-ability Reserve	Retained Earnings		
Balance as at 1st April, 2020	**8,534.48**	**17,500.00**	**1,000.00**	**7,647.00**	**100.00**	**10,000.00**	**108,348.37**	**(137.34)**	**152,992.54**
Total Comprehensive Income for the period ended	-	-	-	-	-	-	41,952.34	(128.13)	41,824.21
Transfer to Risk Cover Reserve	-	-	-	4,000.00	-	-	(4,000.00)	-	-
Transfer to Technology Reserve	-	5,000.00	-	-	-	-	(5,000.00)	-	-
Transfer to Sustainability Reserve	-	-	-	-	-	10,000.00	(10,000.00)	-	-
Transfer to SGM Contribution- NFS	-	-	-	-	-	-	(274.90)	-	(274.90)
Transfer to SGM Contribution- IMPS	-	-	-	-	-	-	(338.95)	-	(338.95)
Transfer to SGM Contribution- BBPS		-	-	-	-	-	(16.96)	-	(16.96)
Share Premium	7,513.91	-	-	-	-	-	7,513.91	-	7,513.91
Balance as at 31st March 2021	**16,048.39**	**22,500.00**	**1,000.00**	**11,647.00**	**100.00**	**20,000.00**	**138,183.81**	**(265.47)**	**201,699.85**

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus							Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustain-ability Reserve	Retained Earnings		
Balance as at 1st April, 2019	**8,534.48**	**12,500.00**	**1,000.00**	**3,647.00**	**-**	**-**	**88,510.81**	**(69.48)**	**114,122.82**
Changes in accounting policy or prior period errors	-	-	-	-	-	-	50.52	-	50.53
Total Comprehensive Income for the period ended	-	-	-	-	-	-	38,759.19	(67.86)	38,691.33
Transfer to Risk Cover Reserve	-	-	-	4,000.00	-	-	(4,000.00)	-	-
Transfer to Technology Reserve	-	5,000.00	-	-	-	-	(5,000.00)	-	-
Transfer to RuPay SGM Reserve	-	-	-	-	100.00	-	(100.00)	-	-
Transfer to Sustainability Reserve	-	-	-	-	-	10,000.00	(10,000.00)	-	-
Transfer to SGM Contribution - NFS	-	-	-	-	-	-	(81.88)	-	(81.88)
Transfer to SGM Contribution - IMPS	-	-	-	-	-	-	204.76	-	204.76
Transfer to SGM Contribution - BBPS	-	-	-	-	-	-	4.97		4.97
Balance as at 31st March, 2020	**8,534.48**	**17,500.00**	**1,000.00**	**7,647.00**	**100.00**	**10,000.00**	**108,348.37**	**(137.34)**	**152,992.52**

The Company has created reserves namely, RuPay SGM Reserve, Sustainability Reserve, Risk Cover Reserve and Technology Reserve over period of years by way of appropriation from the Surplus after Tax as per the policy approved by the Board in this regard.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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 had initiated steps to incorporate two wholly owned subsidiary "NPCI International Payments Limited" and "NPCI Bharat BillPay Limited" and they were incorporated on April 03, 2020 and December 10, 2020 respectively

The Group 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 and 2020-2021, the total number of shareholders has gone to 67 shareholders. After merger of certain shareholder banks there are 66 shareholders comprising of 11 Public Sector Banks, 18 Private Banks, 5 Foreign Banks, 10 Co-operative Banks and 6 Regional Rural Banks, 4 Small Finance banks, 2 Payments banks, and 10 Payment system operators holding shares in the Group.

The Group'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 Group has launched National Common Mobility Card (NCMC). The above initiatives will contribute towards achieving cashless society. The Group through its product and services also continuously participating in the Financial Inclusion programme and Direct Benefit Transfer (DBT) initiatives. The Group has arrangement with International Card schemes such as Discover Financial Services, JCBI and China Union Pay International to provide the Global acceptance.

Apart from retail payment activities which comprise its core activities, the Group 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 Group has also conducted various workshops at various locations and imparted trainings by connecting with large footprint institutions to undertake cascade style trainings. The key objective of NPCI's training is to increase use of digital means of transactions as step towards promoting Digital India Initiative thus supporting cash-less society. NPCI has been organizing digital financial literacy trainings for the customers of various organizations.

The training activities comprises meaning of cashless society and reasons to go cash-lite, and primarily focuses on NPCI's products such as RuPay, Aadhaar enabled Payment System (AePS), Bharat Interface for Money (BHIM) Unified Payments Interface (UPI). The products are explained to the users with the help video clips and live practical demonstration to use these products. Also, the activation program aims to enable customer to download BHIM UPI onto their phones thus carry out a transaction from their phones. These trainings are conducted in the vernacular/local language depending upon the location and type of language including Hindi, Gujarati, Kannada, Tamil, etc. The Group has conducted training outreach campaigns at various places with the state governments to promote digital financial literacy.

1. Statement of Significant Accounting Policies

1.1. Basis of Preparation of financial statements

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (IndAS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

The consolidated financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve month period from the balance sheet date.

The financial statements are presented in INR and all values are rounded to the nearest lakhs (INR 1,00,000), except when otherwise indicated.

1.2. Basis of consolidation

The Group consolidates all entities which are controlled by it. The consolidated Ind AS financial statements comprise the financial statements of the Group and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and ceases to be consolidated when the Group loses control of the subsidiary

Significant Accounting Policies and Notes to Accounts

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1.3. Consolidation Procedure

The consolidated Ind AS financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealised gain/loss from such transactions are eliminated upon consolidation. These consolidated Ind AS financial statements are prepared by applying uniform accounting policies in use at the Group. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

1.4. Group Information

The consolidated financial statements of the Group include subsidiaries listed in the table below:

Name	Principal Activities	Country of Incorporation	% of Equity Interest	
			31-Mar-2021	31-Mar-2020
NPCI International Payments Limited	Internationalise RuPay and UPI products.	India	100%	-
NPCI Bharat BillPay Limited	Conceptualise ecosystem which offers integrated, accessible and interoperable recurring payment services to consumers across geographies with certainty, reliability and safety of transactions.	India	100%	-

1.5. Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards, 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.

1.6. Operating cycle

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

1.7. Revenue recognition as per IND-AS 115

Revenue from contracts with customers is recognised when control of services is transferred to the customer at an amount that reflects the consideration entitled in exchange for those services. Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

1.7. 1. Income from Operations

The Group derives revenue primarily from operating Retail Payment Systems in India. The Group 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 Group's product and services are recognised as income in the reporting period in which the fees is received.

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 Group 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.

1.7. 2. Other Income

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

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for the year ended 31st March, 2021

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.

1.8. Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the property, plant and equipment is de-recognised.

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 Group and the cost can be measured reliably.

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 useful life 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#	5
3	Computers and Printers	3
4	Furniture and Fittings	10
5	Vehicles	8
6	Leasehold Improvements*	-
7	Buildings (Other than factory Building)	60

#Office equipment includes Air conditioners, Web cameras, Fire alarm system etc.

*Leasehold Improvements are depreciated over the lease term.

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

1.9. 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

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 Asset's revised carrying amount over its remaining useful life.

Significant Accounting Policies and Notes to Accounts

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Amortization is provided using the Straight Line Method as per the management's estimation of useful life.

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

1.10. 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:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale.

ii. The Group has intention to complete the intangible asset and use or sell it.

iii. The Group has ability to use or sell the intangible asset.

iv. 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.

v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi. The Group 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.

1.11. Employee Benefits

1.11. 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 Group are recognized during the period in which the employee renders such related services.

The Group 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.

1.11. 2. Post-employment benefits

i. Defined Contribution plans

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

ii. Defined Benefits plans

Gratuity: In accordance with the Payment of Gratuity Act, 1972, the Group 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 Group.

Gratuity payable to employees is covered by a Gratuity Plan provided by Insurance Group. 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 Group 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

1.12. 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.

1.13. Leases as per IND-AS 116

The Group determines whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group recognises Right to Use and lease liability at the commencement of the lease period.

Subsequently the right to use is shown as at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. The Group applies depreciation requirements of IND-AS 116, Property, Plant and Equipment, in depreciating the right-of-use asset and the lease term mentioned in the contract is taken as useful life for calculating the depreciation.

The Group measures the lease liability at the present value of the lease payments. The lease payments are discounted using incremental borrowing rate applicable to the Group for a similar term. Subsequently the lease liability is increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

1.14. Financial Instruments

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

Financial Assets

(i) Fair Value through other comprehensive income

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and,

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.

(ii) Fair Value through Profit or Loss

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through OCI.

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.

Impairment of financial Assets:

i. The Group recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

ii. The Group has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, impairment is not required.

A financial asset is de-recognized 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.

Significant Accounting Policies and Notes to Accounts

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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.

Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.15. 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.

1.16. Earnings per equity share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the Group 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 Group 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

1.17. Income Tax

1.17.1 The Group has been incorporated as a 'Not for Profit Group' 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 Group 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.

1.17.2 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 Group 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.

1.17.3 Deferred tax is recognised on temporary difference between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities and assets are 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.

1.17.4 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.

1.18. Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management expects that the sale will be completed within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups), its sale is highly probable; and it will genuinely be sold, not abandoned.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

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Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 2.37. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

1.19. 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 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.

1.20. 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.

1.21. 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.

1.22. Foreign Currency Transactions

i. The functional currency of the Group 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.

1.23. 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.

1.24. 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.

1.25. Critical Accounting Judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of IND-AS requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities

Significant Accounting Policies and Notes to Accounts

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within the next financial year, are in respect of recognition of revenue, valuation of unbilled receivables, estimation of net realisable value of inventories, impairment of non-current assets, valuation of deferred tax assets, provisions and contingent liabilities.

1.25.1 Impairment of Non - Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to disclosure of fair value of investment property recorded by the Group.

1.25.2 Useful lives of Property, Plant and Equipment

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

1.25.3 Valuation of Deferred Tax Assets

The Group reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note above.

1.25.4 Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Significant Accounting Policies and Notes to Accounts

2. NOTES TO ACCOUNTS

ASSETS

Non-Current Asset:

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, 2021:

(Amount ₹ in Lakh)

Asset Group	Gross Block					Accumulated Depreciation					Net Block	
	As at 01-Apr-2020	Additions	Deletions	Assets held-for-sale	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	Assets held-for-sale	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Land	3,995.05	-	-	-	3,995.05	-	-	-	-	-	3,995.05	3,995.05
Building	4,022.39	-	-	-	4,022.39	338.97	67.73	-	-	406.70	3,615.69	3,683.41
Computers	1,685.96	474.33	101.94	20.96	2,037.39	1,308.50	322.44	100.06	9.73	1,521.15	516.24	377.46
Network Equipment	10,674.32	1,317.65	15.67	126.19	11,850.11	4,370.77	1,758.96	15.67	51.14	6,062.92	5,787.19	6,303.55
Switching Eq / Central Processors	24,667.62	2,999.05	1,097.18	374.49	26,195.00	10,387.68	4,064.60	1,097.18	154.94	13,200.16	12,994.84	14,279.94
Furniture and Fixture	342.29	163.72	8.72	-	497.29	121.18	38.02	4.77	-	154.43	342.86	221.11
Electrical Installation	46.92	111.95	3.39	-	155.48	35.96	11.53	2.44	-	45.05	110.43	10.96
Telephone	51.75	1.01	0.10	0.50	52.16	33.64	8.10	0.06	0.21	41.47	10.69	18.11
Office Equipment	409.74	85.26	5.88	-	489.12	291.43	49.58	5.41	-	335.60	153.52	118.31
Leasehold improvement	11.18	282.40	0.20	-	293.38	10.72	9.82	0.20	-	20.34	273.04	0.46
As at 31-Mar-2021	**45,907.22**	**5,435.37**	**1,233.08**	**522.14**	**49,587.37**	**16,898.85**	**6,330.78**	**1,225.79**	**216.02**	**21,787.82**	**27,799.55**	**29,008.36**

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Asset Group	Gross Block				Accumulated Depreciation				Net Block	
	As at 01-Apr-2019	Additions	Deletions	As at 31-Mar-2020	As at 01-Apr-2019	For the period	Deletions/ Adjustments	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Land	3,995.05	-	-	3,995.05	-	-	-	-	3,995.05	3,995.05
Building	4,022.39	-	-	4,022.39	271.06	67.91	-	338.97	3,683.42	3,751.32
Computers	1,487.25	236.37	37.66	1,685.96	1,017.21	326.93	35.64	1,308.50	377.46	470.04
Network Equipment	8,115.88	2,587.10	28.66	10,674.32	2,867.63	1,531.80	28.66	4,370.77	6,303.55	5,248.25
Switching Eqpt / Central Processors	18,192.99	6,670.99	196.36	24,667.62	7,254.93	3,329.11	196.36	10,387.68	14,279.94	10,938.06
Furniture and Fixture	270.03	72.33	0.07	342.29	88.11	33.1	0.03	121.18	221.11	181.92
Electrical Installation	46.05	1.22	0.35	46.92	27.5	8.81	0.35	35.96	10.96	18.55
Telephone	50.66	3.76	2.67	51.75	26.06	9.47	1.9	33.64	18.11	24.6
Office Equipment	352.12	57.62	-	409.74	228.95	62.47	-	291.43	118.31	123.17
Leasehold Improvement	11.18	-	-	11.18	8.82	1.89	-	10.72	0.46	2.36
As at 31-Mar-2020	**36,543.60**	**9,629.39**	**265.77**	**45,907.22**	**11,790.27**	**5,371.49**	**262.94**	**16,898.85**	**29,008.36**	**24,753.32**

Significant Accounting Policies and Notes to Accounts

2. NOTES TO ACCOUNTS (Contd..)

2.2. Right to Use Assets

(Amount ₹ in Lakh)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Cost as at 01-Apr-2020	Additions	Deletions	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Right to Use Assets	4,283.00	2,812.44	261.07	6,834.37	1,480.47	1,712.35		3,192.82	3,641.55	2,802.53
As at 31-Mar-2021	**4,283.00**	**2,812.44**	**261.07**	**6,834.37**	**1,480.47**	**1,712.35**	**-**	**3,192.82**	**3,641.55**	**2,802.53**
As at 31-Mar-2020	**-**	**4,283.00**	**-**	**4,283.00**	**-**	**1,480.47**	**-**	**1,480.47**	**2,802.53**	

2.3. Capital work-in-progress

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

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Capital WIP		
Capital WIP - IT	1,600.08	228.41
Capital WIP - Non IT	11,002.15	424.89
Total	**12,602.23**	**653.30**

2.4. Intangible assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2021:

(Amount ₹ in Lakh)

Asset Group	Gross Block					Accumulated Depreciation					Net Block	
	As at 01-Apr-2020	Additions	Deletions	Assets held-for-sale	As at 31-Mar-2021	As at 01-Apr-2020	For the period	Deletions/ Adjustments	Assets held-for-sale	As at 31-Mar-2021	As at 31-Mar-2021	As at 31-Mar-2020
Computer Software	27,038.25	7,569.87	-	454.90	34,153.22	19,518.44	6,477.41		269.29	25,726.56	8,426.65	7,519.80
As at 31-Mar-2021	**27,038.25**	**7,569.87**	**-**	**454.90**	**34,153.22**	**19,518.44**	**6,477.41**	**-**	**269.29**	**25,726.56**	**8,426.65**	**7,519.80**

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Asset Group	Gross Block				Accumulated Depreciation				Net Block	
	As at 01-Apr-2019	Additions	Deletions	As at 31-Mar-2020	As at 01-Apr-2019	For the period	Deletions/ Adjustments	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Computer Software	21,960.07	5,078.32	0.14	27,038.25	13,649.71	5,868.82	0.09	19,518.44	7,519.80	8,310.36
As at 31-Mar-2020	**21,960.07**	**5,078.32**	**0.14**	**27,038.25**	**13,649.71**	**5,868.82**	**0.09**	**19,518.44**	**7,519.80**	**8,310.36**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.5. Intangible assets under development

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

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Intangible assets under development	308.84	379.08
Intangible assets under development (Software)	1,992.73	2,580.92
Total	**2,301.57**	**2,960.00**

There is no Research and Development expense recognized in net surplus in the Statement of Income and Expenditure for the year ended 31st March, 2021.

Non- Current investments

Financial Assets (non-current)

2.6 Investments

(Amount ₹ in Lakh)

Particulars	Face Value per unit (In ₹)	Face Value	As at 31-Mar-2021	As at 31-Mar-2020
I. Investments in Government Securities				
Quoted Investment-Investments carried at amortized cost				
G-Sec 7.68% 2023	100.00	1,200.00	1,197.21	1,196.82
G-Sec 7.35% 2024	100.00	400.00	395.26	394.71
G-Sec 8.40% 2024	100.00	400.00	404.56	405.57
G-Sec 7.72% 2025	100.00	400.00	400.47	400.57
G-Sec 8.15% 2026 - NI	100.00	600.00	606.61	607.52
G-Sec 8.60% 2028	100.00	400.00	413.32	414.44
G-Sec 7.88% 2030	100.00	800.00	797.04	796.92
G-Sec 7.95% 2032	100.00	800.00	806.21	806.53
G-Sec 8.24% 2033	100.00	1,400.00	1,446.02	1,448.02
G-Sec 7.59% 2029	100.00	800.00	795.37	795.16
G-Sec 7.61% 2030	100.00	400.00	398.56	398.46
G Sec 7.37% 2023	100.00	600.00	593.69	592.57
G-Sec 7.17% 2028	100.00	200.00	190.42	189.96
GOI 7.59% 2026	100.00	400.00	397.16	396.95
G Sec 7.26% 2029	100.00	1,200.00	1,206.33	1,208.68
G Sec 7.32% 2024	100.00	1,200.00	1,211.55	1,214.75
G Sec 8.24% 2027	100.00	600.00	618.29	620.57
G-Sec 7.27% 2026	100.00	2,000.00	2,044.43	2,050.06
G-Sec 7.57% 2033	100.00	2,000.00	2,108.44	1,462.33
G Sec 6.17% 2021	100.00	200.00	-	200.74
G Sec 6.45% 2029	100.00	1,000.00	997.32	792.46
G Sec 6.18% GS 2024	100.00	400.00	405.35	197.75
G Sec 5.79% 2030	100.00	600.00	599.15	-
G Sec 6.19% 2034	100.00	3,300.00	3,314.16	-
Gsec 5.77% 2030	100.00	1,400.00	1,380.44	-
G-Sec 5.85% 2030	100.00	1,000.00	986.22	-
G-Sec 6.22% 2035	100.00	3,000.00	2,958.40	-
G-Sec 6.19% 2035	100.00	285.00	280.35	-
Sub Total (A)			**26,952.32**	**16,591.54**
Un-Quoted Investment --Investments carried at amortized cost				
Govt of India 8% Savings Bond			6,500.00	6,500.00
Sub Total (B)			**6,500.00**	**6,500.00**
II Investment in Equity investment				
Unquoted - Investment in subsidiary (at cost)				
NPCI International Payments Limited				
NPCI Bharat BillPay Limited				
TOTAL (II)			-	-
TOTAL (I) (A+B))			**33,452.32**	**23,091.54**

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments.

Aggregate amount of quoted investments	26,952.32	16,591.54
Market Value of quoted investments	27,656.12	17,571.77
Aggregate amount of unquoted investments	6,500.00	6,500.00
Aggregate amount of impairment in value of investment.		-

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.7 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Security Deposit - Premises *	716.39	558.96
Unamortised Advance Rental	70.04	40.90
Advances to employees	-	0.31
Settlement Guarantee Fund - JCBI	36.75	35.35
Sub Total	**823.18**	**635.52**
Earmarked Deposits with maturity more than 12 months		
Deposits with Banks - (SGM - NFS Contribution)	-	5,359.53
Deposits with Banks - (SGM - IMPS Contribution)	-	840.00
Deposits with Banks - (SGM - BBPS Contribution)	-	55.00
Deposits with Banks - (AEPS - Collateral)	110.00	43.00
Deposits with Banks - (UPI - Collateral)	-	30.00
Term deposits with Banks - (NETC - Collateral)	50.00	-
Sub Total	**160.00**	**6,327.53**
Term deposits with Banks more than 12 months (Not Callable)	99.00	6,939.00
Term Deposit with Banks more than 12 months (Callable)	2,535.00	4,000.00
Sub Total	**2,634.00**	**10,939.00**
Total	**3,617.18**	**17,902.05**

*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 31-Mar-2021	As at 31-Mar-2020
Capital Advance -Chennai Premises	-	1,860.65
Capital Advance -Hyderabad Premises	-	1,769.18
Capital Advance - Non IT	-	5.07
Capital Advance - IT	-	3.75
Prepaid Expenses	220.93	459.09
Preliminary Expenses	156.45	
Total	**377.38**	**4,097.74**

Current investments

Financial Assets (current)

2.9 Investments

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Investments in Government Securities		
with maturity less than 12 months		
Quoted Investment-Investments carried at amortized cost		
G-Sec 8.27% 2020	-	1,200.60
G Sec 7% 2021	-	400.18
G Sec 6.17% 2021	200.37	-
Treasury Bill	-	-
with maturity less than 3 months	17,595.54	3,900.74
with maturity more than 3 months but less than 12 months	10,801.31	15,542.25
Total	**28,597.22**	**21,043.77**
Aggregate amount of quoted investments	200.37	1,600.78
Market Value of quoted investments	201.55	1,614.66
Aggregate amount of unquoted investments	28,396.85	19,442.99
Aggregate provision for diminution in value of Investments	-	-

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.10 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Unsecured considered good		
Receivables for Settlement Fees	3,893.14	2,033.66
Receivables for Network / IIN recoveries	1,173.55	466.26
Receivables from International Alliances	(11.17)	4,654.49
Receivables for Certification /Others	563.97	856.44
Receivables for RuPay	182.65	118.19
Less : Allowance for Credit Losses	(54.91)	-
Total	**5,747.23**	**8,129.04**

The Company has exposure to regulated entities, hence the credit risk is limited. All trade receivables are reviewed and assessed for default on a monthly basis and the risk is mitigated by timely monitoring of receivables. Based on historical experience of collecting receivables, supported by the level of default, is that credit risk is low. Accordingly, our provision for expected credit loss on trade receivables is not material.

2.11 Cash & Cash equivalents

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balances with Banks		
Balance in Current account with Reserve Bank of India	1.03	1.03
Current account (Own Fund)	15,158.13	1,816.00
Current account (Flexi Facility with Bank)	10,282.64	1,451.43
Current account (International settlements)	4,378.86	5,985.56
Cash in hand	-	0.06
Term deposit with original maturity less than 3 months	5,046.52	-
Sub Total	**34,867.18**	**9,254.08**
Earmarked Funds		
Balances with Banks		
Current account (SGM Contribution)	681.11	952.90
Sub Total	**681.11**	**952.90**
Total	**35,548.29**	**10,206.98**

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

2.12 Other Bank Balances

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deposits with a Financial Institution		
Original maturity more than 3 month but less than 12 months with Banks (Not Callable)	-	2,400
Term Deposit with Banks		
Original maturity more than 3 month but less than 12 months with Banks (Not Callable)	51,690.00	3,200
Original maturity more than 12 month but current maturity less than 12 months with Banks (Not Callable)	17,240.00	36,008
Total	**68,930.00**	**41,608.01**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.13 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advances to Employees	54.70	38.74
Unamortised Advance Rental	38.09	33.71
Deposit with insurance companies	47.03	51.47
Interest Accrued but not due (other than SGM contribution deposits)	894.50	573.76
Interest Accrued but not due - Govt. Securities	471.24	387.12
Interest Accrued but not due (NFS SGM Contributions)	103.38	57.54
Interest Accrued but not due (IMPS SGM Contributions)	168.69	80.09
Interest Accrued but not due (BBPS SGM Contributions)	1.83	0.09
Interest Receivable on Income Tax Refund AY 2018-19	-	1,313.50
Receivable -Cooperative/Member Banks	-	86.14
Security deposit	56.53	34.04
Sub Total	**1,836.00**	**2,656.20**
Term Deposit with Banks		
with maturity less than 3 months		
Term deposits with Banks - (SGM - NFS Contribution)	5,334.00	675.00
Term deposits with Banks - (SGM - IMPS Contribution)	19,399.00	18,225.00
Term deposits with Banks - (SGM - BBPS Contribution)	-	300.00
Term deposits with Banks - (AEPS - Collateral)	80.00	51.00
Term deposits with Banks - (NETC - Collateral)	22.00	6.00
Term deposits with Banks - (Technology Reserve)	2,797.00	2,400.00
Term deposits with Banks - (Risk Cover)	6,000.00	1,200.00
Term deposits with Banks - (NFS SGM Reserve)	-	1,000.00
Term deposits with Banks - (Sustainability Reserve)	4,399.00	-
with maturity more than 3 months but less than 12 months		
Term deposits with Banks - (SGM - NFS Contribution)	9,877.53	6,502.69
Term deposits with Banks - (SGM - IMPS Contribution)	23,961.00	17,620.00
Term deposits with Banks - (SGM - BBPS Contribution)	-	10.00
Term deposits with Banks - (AEPS - Collateral)	428.00	440.00
Term deposits with Banks - (NETC - Collateral)	27.00	65.00
Term deposits with Banks - (UPI - Collateral)	530.00	500.00
Term deposits with Banks - (Technology Reserve)	19,703.00	15,100.00
Term deposits with Banks - (Risk Cover)	5,647.00	6,447.00
Term deposits with Banks - (RuPay SGM Reserve)	100.00	100.00
Term deposits with Banks - (Sustainability Reserve)	15,601.00	10,000.00
Term deposits with Banks - (NFS SGM Reserve)	1,000.00	-
Sub Total	**114,905.53**	**80,641.69**
Total	**116,741.53**	**83,297.89**

The company maintains exposure in cash and cash equivalents, term deposits with banks, investments in marketable debt instruments including government securities. The company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counter-party based on credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the companies Treasury Department. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.14 Current tax assets (net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advance Income Tax - FY 2020-21 (Net)	1,258.60	-
Advance Income Tax - FY 2019-20 (Net)	475.82	421.66
Advance Income Tax - FY 2018-19 (Net)	-	470.25
Advance Income Tax - FY 2017-18 (Net)	-	784.28
Advance Income Tax - FY 2016-17 (Net)	-	83.03
Advance Income Tax - FY 2015-16 (Net)	1,195.58	1,195.58
Advance Income Tax - FY 2014-15 (Net)	747.41	747.41
Advance Income Tax - FY 2013-14 (Net)	34.60	34.60
Advance Income Tax - FY 2012-13 (Net)	129.77	129.77
Advance Income Tax - FY 2011-12 (Net)	-	308.30
Total	**3,841.78**	**4,174.88**

2.15 Other Current Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Prepaid Expenses	856.72	1,155.86
Prepaid - Insurance - RuPay card	223.88	1,162.49
GST Input/Cenvat Credit	5,035.04	2,578.99
Advances to Vendors	6,333.57	1,819.53
TDS Receivable	12.04	-
Total	**12,461.26**	**6,716.87**

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, 2021 were as follows:

Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Measured at Amortised Cost		
Trade Receivable	5,747.23	8,129.04
Cash & Cash Equivalents	35,548.29	10,206.98
Bank balances other than Cash & Cash Equivalents	64,826.00	41,608.01
Investments	75,224.94	44,135.31
Other Financial Assets	120,358.71	101,199.94
Total Financial Assets	**301,705.17**	**205,279.28**

Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Measured at Amortised Cost		
Trade Payables	3,602.30	1,866.42
Lease liabilities	3,943.60	2,811.79
Other Financial Liabilities	78,098.70	65,252.75
Total Financial Liabilities	**85,644.60**	**69,930.96**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

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.

(Amount ₹ in Lakh)

Investments (Level 1)	As at 31-Mar-2021	As at 31-Mar-2020
Government Securities	27,656.12	17,571.77
Total	**27,656.12**	**17,571.77**

Note: The fair value pertaining to the 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 risks, market risks, credit risks and liquidity risks. 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 31-Mar-2021	Year ended 31-Mar-2020
Revenue from Top Customer	20%	16%
Revenue from Top 5 Customers	43%	42%

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH), Bharat Bill Payment System, and accordingly is sole provider of such kind of services. The clients mentioned above are likely to depend on these services till these 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 generators. More innovation and R&D 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 31-Mar-2021	As at 31-Mar-2020
Financial Assets		
Trade Receivables	9.82	4,654.49
Financial Liabilities		
Trade Payables	304.46	353.92

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

EQUITY AND LIABILITIES

2.16 Equity Share Capital

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Authorised		
3,00,00,000 Equity Shares of ₹ 100 each (PY 3,00,00,000 Equity share of ₹ 100 each)	30,000.00	30,000.00
Issued, Subscribed and Paid Up :		
Issued Share Capital		
1,4526,600 Equity Shares of ₹ 100 each (PY 1,38,76,600 Equity share of ₹ 100 each)	14,526.60	13,876.60
Subscribed and Paid up Capital		
Opening Balance		
1,33,86,700 Equity Shares of ₹ 100 each Fully paid up (PY 1,38,86,700 Equity share of ₹ 100 each)	13,386.70	13,386.70
Addition during the year		
6,49,992 Equity Shares of ₹ 100 each Fully paid up	649.99	-
Total	**14,036.69**	**13,386.70**

Reconciliation of shares outstanding at the beginning and end of the year ended 31st March, 2021.

(Amount ₹ in Lakh)

Particulars	Equity Shares			
	As at 31-Mar-2021		As at 31-Mar-2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,386,700.00	13,386.70	13,386,700.00	13,386.70
Addition during the year	649,992.00	649.99	-	-
Shares outstanding at the end of the year	14,036,692.00	14,036.69	13,386,700.00	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, 2021:

i. The Company has not allotted any bonus shares.

ii. 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

(Amount ₹ in Lakh)

Name of the Shareholders	Equity Shares			
	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares held	% of holding	No. of shares held	% of holding
State Bank of India	1,000,000	7.12	1,000,000	7.47
Union Bank of India	1,284,000	9.15	1,000,000	7.47
Bank of India	1,000,000	7.12	1,000,000	7.47
Bank of Baroda	1,284,000	9.15	1,284,000	9.59
Punjab National Bank	1,284,000	9.15	1,000,000	7.47
Canara Bank	1,142,000	8.14	1,000,000	7.47
ICICI Bank Limited	1,000,000	7.12	1,000,000	7.47
HDFC Bank Limited	1,000,000	7.12	1,000,000	7.47
HSBC Limited	1,000,000	7.12	1,000,000	7.47
Citibank N.A	1,000,000	7.12	1,000,000	7.47

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Non-Current Liabilities

Financial Liabilities

2.18 Lease Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liabilities	2,650.14	1,294.64
Total	**2,650.14**	**1,294.64**

2.19 Other financial liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM Contribution - NFS	15,758.25	13,686.59
SGM Contribution - IMPS	43,764.15	37,878.14
SGM Contribution - BBPS	-	365.10
Deposit- Collateral AEPS/NETC/UPI	1,548.61	1,525.61
Deposit - Collateral RuPay International alliances	8,045.58	6,121.84
Earnest Money Deposit	57.50	72.50
Total	**69,174.09**	**59,649.78**

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, 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, 2021 is ₹ 15,758.25 lakhs. 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, 2021 is as follows

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- NFS Balance at the Beginning	13,686.58	12,682.70
Add : Contribution Received during the Year	1,796.75	922.01
Less : Contribution Refunded during the Year	-	-
Subtotal (A)	**15,483.34**	**13,604.71**
Interest Received on SGM- NFS investments	814.05	927.64
Less: Expenses	(425.43)	(827.50)
Less: Salary Expense of SGM adjusted against income	(21.26)	(18.27)
Less: Income Tax	(92.46)	-
Subtotal (B)	**274.91**	**81.87**
SGM NFS Balance at the End (A+B)	**15,758.25**	**13,686.58**

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, 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, 2021 is ₹ 43,764.15 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

The SGM- IMPS Contribution as on 31st March, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- IMPS Balance at the Beginning	37,878.14	17,064.39
Add : Contribution Received during the Year	5,585.56	21,055.91
Less : Contribution Refunded during the Year	(38.50)	(37.40)
Subtotal (A)	**43,425.20**	**38,082.90**
Interest Received on SGM- IMPS Investments	1,798.19	1,244.55
Less: Expenses	(1,323.98)	(1,431.04)
Less: Salary Expense of SGM adjusted against Income	(21.26)	(18.27)
Less: Income Tax	(114.01)	-
Subtotal (B)	**338.95**	**(204.76)**
SGM IMPS Balance at the End (A+B)	**43,764.15**	**37,878.14**

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, 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, 2021, is ₹ 1149.89 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

The SGM- BBPS Contribution as on 31st March, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
SGM- BBPS Balance at the Beginning	365.10	350.07
Add : Contribution Received during the Year	767.83	20.00
Less : Contribution Refunded during the Year	-	-
Subtotal (A)	**1,132.93**	**370.07**
Interest Received on SGM- BBPS Investments	46.19	24.43
Less: Expenses	(18.80)	(25.34)
Less: Salary Expense of SGM adjusted against Income	(4.72)	(4.06)
Less: Income Tax	(5.71)	-
Subtotal (B)	**16.96**	**(4.97)**
Less : Considered under Non current asset held for sale(c)	**1,149.89**	**-**
SGM BBPS Balance at the End (A+B-C)	-	**365.10**

2.20 Other Non Current Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Service Charges (Network) received in advance	468.08	207.35
Total	**468.08**	**207.35**

2.21 Long Term Provisions

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Gratuity (net)	295.59	168.08
Provision for Leave encashment (net)	309.46	392.13
Total	**605.05**	**560.21**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.22 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Deferred Tax Liability		
Property, Plant & Equipment	2,241.22	2,180.90
Right to use	916.54	705.63
Deferred Tax Asset		
Lease Liability	(992.56)	(707.96)
Gratuity - Provision	(82.87)	(42.32)
Leave encashment -Provision	(75.60)	(98.73)
Government Securities	(32.24)	(32.52)
Share Issue Expenses	(5.67)	-
Allowance for Credit Losses	(13.82)	-
Income tax loss	(118.94)	-
Total	**1,836.06**	**2,005.00**

Current Liabilities

Financial Liabilities (Current)

2.23 Trade Payables

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Trade Payables Due to		
Micro and Small Enterprise (Refer Note No. 2.44)	1.18	-
Other than Micro and Small Enterprise	3,482.35	1,866.42
Total	**3,483.53**	**1,866.42**

2.24 Lease Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liabilities	1,293.46	1,517.15
Total	**1,293.46**	**1,517.15**

2.25 Other Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Statutory Liabilities*	4,315.28	3,258.04
Payable for MORD	2,423.92	295.55
Security Deposit	1.58	1.49
Earnest Money Deposit	230.38	256.66
Sundry creditors - Capital asset	1,815.62	1,661.72
Other Payables	137.83	129.51
Total	**8,924.61**	**5,602.97**

*Statutory Liabilities: It consists of amount payable towards GST, TDS, Provident Fund, Profession tax, etc.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.26 Others Current Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Advance for Centralised Promotion of IMPS (Net)*	7.90	7.90
Advance from Customer	2,993.45	-
Service Charges (Network) received in advance	23.22	6.00
Total	**3,024.57**	**13.90**

***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, 2021 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening balance	7.90	7.90
Less : Expenses towards Centralised Promotion of IMPS	-	-
Closing Balance	**7.90**	**7.90**

2.27 Provisions

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Expenses	26,733.05	23,436.70
Total	**26,733.05**	**23,436.70**

The movement in the provision for expenses is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the Beginning of the Year	23,436.70	13,900.74
Provision during the Year	21,992.15	21,676.10
Less : Provision Utilised/Reversed	(18,695.80)	(12,140.14)
Balance at the end of the Year	**26,733.05**	**23,436.70**

2.28 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Provision for Tax - FY 2018-19 (Net)	16,033.75	-
Provision for Tax - FY 2017-18 (Net)	12,350.68	-
Provision for Tax - FY 2016-17 (Net)	16.88	-
Provision for Tax - FY 2011-12 (Net)	795.41	-
Provision for Tax - FY 2009-10 (Net)	522.03	113.51
Provision for Tax - FY 2010-11 (Net)	565.91	565.91
Total	**30,284.66**	**679.42**

Income Taxes

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

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Taxes	15,700.00	13,800.00
Deferred Taxes	(148.82)	(663.53)
Income Tax Expenses	**15,551.18**	**13,136.47**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2021:

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Surplus before Tax	57,960.96	51,895.66
Applicable Tax Rate	25.17	25.17
Computed Expected Tax Expense	14,587.61	13,061.10
Items of Income not to offer for Tax	**(8.13)**	**(7.03)**
Interest Income on Security Deposits(FV)	(11.47)	(8.30)
Increase in Interest on G Sec-EIR	3.34	1.28
Items of Expense not deductible for Tax purposes:	**749.07**	**561.69**
Provision for Straight Lining of Leases reversed	-	(12.72)
Rental Expenses (Security Deposits)	11.61	8.09
CSR Expenses	500.88	151.04
Other Disallowance - Gratuity and Leave Encashment Provisions and others	236.58	415.27
Items of Expense deductible for Tax purposes:	**371.09**	**156.22**
Excess Depreciation as per Income Tax	372.51	158.99
1/5th Amortisation of Share Issue Expenses	(1.42)	(2.76)
Total	**15,699.65**	**13,771.98**
Tax Expense Recognised during the Year	**15,699.65**	**13,771.98**
Rounded off	**15,700.00**	**13,800.00**

The applicable Indian Statutory tax rate for financial year 2021 is 25.17%.

The Tax effects of significance temporary differences that resulted in Deferred Tax Assets and Liabilities are as follows:

(Amount ₹ in Lakh)

Deferred Tax (Net)	As at 31-Mar-2021	As at 31-Mar-2020
Deferred Tax Liability		
Property, Plant & Equipment	2,241.22	2,180.90
Right to use	916.54	705.63
Deferred Tax Asset		
Lease Liability	(992.56)	(707.96)
Gratuity - Provision	(82.87)	(42.32)
Leave encashment -Provision	(75.60)	(98.73)
Government Securities	(32.24)	(32.52)
Share Issue Expenses	(5.67)	-
Allowance for Credit Losses	(13.82)	-
Income Tax Losses	(118.94)	-
Total	**1,836.06**	**2,005.00**

2.29 Revenue from Operations:

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Income from Payment services	107,057.18	96,640.90
Certification income	947.46	1,219.00
Network income	3,044.37	2,007.48
Other operating income*	1,110.76	9,341.55
Total	**112,159.77**	**109,208.93**

*includes Compliance Fees, Membership Fees, Income from International Alliances, Hologram Charges, Card Fees etc.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.30 Other Income

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Interest Income on deposits	6,918.15	5,871.71
Interest Income on Govt Securities / GOI BOND	1,600.10	1,695.25
Gain on Redemption of Investments	6.73	-
Income from T Bills	856.22	557.81
Interest Income on earmarked fund (NFS) SGM	812.62	927.64
Interest Income on earmarked fund (IMPS) SGM	1,749.56	1,244.55
Interest Income on earmarked fund (BBPS) SGM	46.10	24.43
Interest on Income Tax Refund	1,819.97	704.82
Reversal of Provision for Expenses	487.64	980.33
Liquidated damages	39.35	44.21
Other Miscellaneous Income	113.20	122.33
Total	**14,449.64**	**12,173.08**

2.31 Operating Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Annual Maintenance Charges - IT Equipment	5,211.79	4,245.02
Network Expenses	2,093.93	1,699.12
Testing & Certification Charges	645.70	645.09
Data Centre Rentals	431.43	428.37
Data Centre Power & Fuel	814.34	839.34
Total	**9,197.18**	**7,856.93**

2.32 Employee Benefits Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Salary & Allowances	14,536.62	12,218.59
Contribution to Employee Benefits	774.98	667.86
Staff Welfare	402.08	424.13
Outsourcing Cost	1,275.95	1,205.29
Total	**16,989.63**	**14,515.87**

2.32.1 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 31-Mar-2021	As at 31-Mar-2020
Present Value of Obligation	(1,092.76)	(783.37)
Fair Value of Plan Assets	734.89	604.67
Funded Status - (Surplus) /Deficit	(357.87)	(178.70)
Net Asset /(Liability) recognised in the Balance Sheet	**(357.87)**	**(178.70)**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Gratuity Plan (Contd..)

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Service Cost	219.23	158.81
Interest Cost	47.41	39.78
Expected Return on Plan Asset	(38.70)	(32.19)
Total Expense / (Income) charged to Income and Expenditure Account	**227.94**	**166.40**

(Amount ₹ in Lakh)

Reconciliation of amounts in Balance Sheet	As at 31-Mar-2021	As at 31-Mar-2020
Opening Net Defined Benefit Liability /(Asset)	178.70	135.89
Total Expense (Income) recognised in Income and Expenditure	227.94	166.40
Actual Employer Contribution	(193.48)	(192.93)
Total Re-measurements recognised in Other Comprehensive Income/(Loss)	144.70	69.34
Liability / (Asset) recognised in the Balance sheet	**357.86**	**178.70**

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the Period	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Present Value of Obligation at the beginning of the Year	783.37	579.86
Current Service Cost	219.23	158.81
Interest Cost	47.41	39.78
Actuarial (Gain)/Loss on Obligation	151.72	69.66
Benefits Paid	(108.97)	(64.74)
Present Value of Obligation at the end of the Year	**1092.76**	**783.37**

(Amount ₹ in Lakh)

Change in Fair Value of Plan Assets during the Period	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Fair Value of Plan Assets at the Beginning of the Year	604.67	443.97
Expected Return on Plan Assets	38.70	32.19
Contributions Made	197.03	192.93
Benefits Paid	(108.97)	(64.74)
Actuarial Gain/(Loss) on Plan Assets	3.47	0.32
Fair value of plan Assets at the end of the year	**734.90**	**604.67**

(Amount ₹ in Lakh)

Amount recognised in other comprehensive income	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Opening amount recognised in OCI	176.14	106.8
Re-measurements due to :	-	
Effect of Change in Financial Assumption	100.15	38.07
Effect of Change in Demographic Assumption	1.65	(0.20)
Effect of Experience Adjustments	49.92	31.79
Actuarial (Gain)/Loses	**151.72**	**69.66**
Return on Plan Assets (excluding Interest)	(3.47)	(0.32)
Total Re-measurements recognised in OCI	148.25	69.34
Amount recognised in OCI at the end of the period	**324.39**	**176.14**

Amount recognised in other comprehensive income	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Actuarial assumptions		
Discount Rate	6.15%	6.40%
Expected Rate of Return on Assets	6.15%	6.40%
Employee Attrition Rate	15.00%	13.00%
Future Salary Increases considering Inflation, Seniority, Promotion	8.00%	6.00%

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Leave Encashment Plan

(Amount ₹ in Lakh)

Net Asset / (Liability) recognised in the Balance Sheet	As at 31-Mar-2021	As at 31-Mar-2020
Present Value of Obligation	(801.56)	(652.17)
Fair Value of Plan Assets	480.14	202.77
Net Funded Obligation	(321.41)	(449.40)
Net Asset /(Liability) recognised in the Balance Sheet	**(321.41)**	**(449.40)**

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Current Service Cost	206.02	201.49
Interest Cost	36.40	32.77
Net Actuarial (Gain)/Loss recognised during the Year	8.08	77.60
Expected Return on Plan Asset	(12.98)	(5.02)
Total Expense/(Income) charged to Income and Expenditure Account	**237.52**	**306.84**

(Amount ₹ in Lakh)

Reconciliation of Net Defined Benefit Liability /(Asset)	As at 31-Mar-2021	As at 31-Mar-2020
Opening Net Defined Benefit Liability/(Asset)	449.40	507.80
Total Expense (Income) recognised in Income and Expenditure Account	237.52	306.84
Actual Employer Contribution	(365.51)	(365.24)
Liability/(Asset) recognised in the Balance Sheet	**321.41**	**449.40**

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the Year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Present Value of Obligation at the beginning of the Year	652.17	577.07
Current Service Cost	206.02	201.49
Interest Cost	36.40	32.77
Actuarial (Gain)/Loss on Obligation	73.78	90.97
Benefits Paid	(166.81)	(250.13)
Present Value of Obligation at the end of the Year	**801.56**	**652.17**

(Amount ₹ in Lakh)

Change in Assets during the Year	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Fair Value of Plan Assets at the beginning of the Year	202.77	69.27
Expected Return on Plan Assets	12.98	5.02
Contributions Made	365.51	365.24
Benefits Paid	(166.81)	(250.13)
Actuarial Gain/(Loss) on Plan Assets	65.70	13.37
Fair Value of Plan Assets at the end of the Year	**480.15**	**202.77**
Actuarial Assumptions		
Discount Rate	6.15%	6.40%
Expected Rate of Return on Assets	6.15%	6.40%
Employee Attrition Rate	15.00%	13.00%
Future Salary Increases considering Inflation, Seniority Promotion	8.00%	6.00%
Retirement Age	60 years	60 Years

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.33 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Rent Rates & Taxes	262.62	216.43
Travelling & Conveyance Expenses	486.60	468.57
Computer Consumables	23.03	20.80
Housekeeping	123.63	157.25
Travel Expenses - Overseas	7.93	173.83
Electricity	136.22	163.23
Meeting Expenses	23.14	198.37
Telephone & Communication Expenses	142.33	83.29
Security Charges	83.88	86.23
Office Maintenance	187.90	112.00
Sitting Fees to Directors	61.65	97.50
Travel Expenses - Directors	-	33.86
Boarding & Internet Expenses - Directors	8.66	0.20
Insurance- Cyber, Asset & Others	357.30	236.36
Repair & Maintenance Charges	36.86	45.70
Printing & Stationery	16.04	31.10
Hire & Rental Equipment	137.79	0.49
Internal Audit Fees	58.18	29.70
Postage & courier	7.28	12.31
Staff Relocation Expenses	12.99	14.15
Bank Charges	4.58	25.71
Employer - Profession Tax	0.13	0.11
Preliminary Expenses	39.11	-
Total	**2,217.84**	**2,207.19**

2.34 Depreciation and Amortisation expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Depreciation on tangible assets (Sch. 2.1)	6,114.76	5,130.38
Amortisation on intangible assets (Sch. 2.4)	6,208.12	5,559.93
Depreciation on Right to use assets (Sch. 2.2)	1,712.35	1,480.47
Total	**14,035.23**	**12,170.78**

2.35 Other expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Professional Fees	1,969.12	2,400.12
Legal fees	101.21	189.21
Insurance - RuPay*	1,778.89	3,246.10
Marketing Expenses	4,566.20	12,996.19
Airport Lounge Fees	649.63	2,033.59
POS enablement- International Alliance	999.13	1,999.63
UPI Media Campaign expenses	650.00	1,895.50
Contribution to Payment Infrastructure Development Fund-RBI	3,550.00	-
Advertisement / Promotion Expenses	477.23	730.26
Rupay Credit card Incentive	4,657.00	-
Paper to Follow - CTS Charges	369.70	1,232.51
Training and Seminar	689.69	133.58
Software & IT Expenses	332.69	170.55

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.35 Other expenses (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Membership Fees/Subscription	274.47	355.73
Processing fees - Line of Credit / SGM Expenses	1,777.61	2,283.88
Recruitment Expenses	177.88	160.27
Foreign Exchange (gain)/loss	13.12	6.05
CSR Expenses**	1,990.14	600.14
Escrow Agency fees	-	3.25
Conference / Seminar /Study Visit - International	-	119.46
Asset written off	50.05	2.90
Other Write off	5.28	0.95
Auditor's Remuneration***	10.60	5.75
Tax Audit fees	1.40	1.35
Interest Charge (IND AS Lease)	286.62	228.59
GST Audit Fees	2.00	1.58
Allowance for Credit Losses	54.91	-
Miscellaneous Expenses	208.46	81.31
Total	**25,643.03**	**30,878.45**

*Insurance – RuPay card consists of premium paid for providing accidental insurance coverage for RuPay card holders.

**** 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 ₹ 899 lakhs.

(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	1,990.14	-	1,990.14

*Amount spent during the year includes unspent amount of prior years aggregating to ₹1091.14 lacs

***** Auditor's Remuneration**

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Statutory Audit Fees	7.75	3.50
Audit Fees for Limited Review	2.85	2.25
Total	**10.60**	**5.75**

2.36 Earnings per Share

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
For Continuing operations		
Net Surplus as per statement of Income and Expenditure	42,975.31	38,691.33
Weighted Average Number of Equity Shares	136.20	133.86
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	315.53	289.03
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	315.53	289.03

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.36 Earnings per Share (Contd..)

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
For Discontinued operations		
Net Surplus as per statement of Income and Expenditure	(1,022.97)	(1,857.13)
Weighted Average Number of Equity Shares	136.20	140.37
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	(7.51)	(13.23)
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	(7.51)	(13.23)
For Continuing & Discontinued operations		
Net Surplus as per statement of Income and Expenditure	41,952.34	38,759.19
Weighted Average Number of Equity Shares	136.20	140.37
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	308.02	276.13
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	308.02	276.13

2.37 Discontinued Operations

The Board of the Company in its meeting held on 17th February, 2021 had approved to transfer of BBPCU from NPCI to the NPCI Bharat BillPay Limited (NBBL), wholly owned subsidiary and had also approved the draft agreements to be executed between the aforesaid entities with respect to hive off of BBPCU in accordance with the directives given by the RBI subject to the final approval of the RBI.

Subsequently NPCI received RBI letter dated 24th March 2021 bearing no. DPSS.CO.AD.No .S21/02.14.004/2019-20, granting approval for transferring the license granted to NPCI alongwith all rights and obligations attached thereto with respect to BBPCU to NBBL. The Management has decided to make effective from 1st April 2021 (Effective Date). The Business Transfer Agreement and other relevant agreements and arrangements is being formalised accordingly.

The value of assets exchanged will be settled in cash between the two entities as approved by the Boards of both the entities.

Accordingly the assets and liabilities of BBPCU are classified as assets held for distribution and the results of the operations have been classified as Discontinued operations.

The Results of BBCU for the year are presented below:

(Amount ₹ in Lakh)

Particulars	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Income		
Revenue from Operations	1,360.23	722.00
Other Income	64.59	16.00
Total Income	**1,424.82**	**738.00**
Expenses		
Operating Expenses	197.95	341.95
Employee Benefits Expenses	1,114.48	1,162.30
Administrative and Establishment Expenses	31.25	96.08
Depreciation and Amortisation Expenses	485.31	550.00
Other Expenses	618.79	444.80
Total Expenses	**2,447.79**	**2,595.13**
Surplus Before Tax	**(1,022.97)**	**(1,857.13)**
Tax Expense		
Current Tax	-	-
Deferred Tax	-	-
Total Tax Expenses	**-**	**-**
Surplus After Tax	**(1,022.97)**	**(1,857.13)**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

The major class of assets and liabilities as held for sale as at 31st March 2021 are as follows:

(Amount ₹ in Lakh)

Particulars	As at 31-Mar-2021
ASSETS	
Property, Plant & Equipment	306.12
Intangible Assets	185.61
Trade Receivables	6.26
Other Financial Assets	1,143.00
Assets classified as held for sale	**1,640.99**
Liabilities	
Trade Payables	125.00
Other Financial Liabilities	1,149.89
Provisions	238.00
Total Current Liabilities	**1,512.89**
Net assets directly associated with discontinued unit	**128.10**

2.38 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. Deepak Kumar	Nominee Director from Reserve Bank of India	2-May-19	-
Prof. G. Sivakumar	Independent Director	21-Jun-16	-
Dr. Santanu Paul	Independent Director	9-Nov-16	-
Dr. Amitha Sehgal	Independent Director	26-Dec-18	-
Mr.Srinivasan Venkatraman	Independent Director	15-Jul-20	-
Mr. Swaminathan Janakiraman	Nominee Director from State Bank of India	11-Oct-19	24-Jun-20
Mr. Ravindra Pandey	Nominee Director from State Bank of India	29-Jun-20	-
Mr. Nitesh Ranjan	Nominee Director from Union Bank of India	20-Nov-20	-
Mr. Ajay Khurana	Nominee Director from Bank of Baroda	1-Mar-21	-
Mr. Sudhiranjan Padhi	Nominee Director from Bank of Baroda	29-June-20	5-Oct-20
Mr. Sunil Soni	Nominee Director from Punjab National Bank	24-Jun-19	-
Mr. Ajay Kumar Kapoor	Nominee Director from HDFC Bank	20-Mar-18	-
Mr. Pankaj Gadgil	Nominee Director from ICICI Bank	8-Aug-19	-
Mr. Siddharth Rungta	Nominee Director from HSBC	9-Sep-19	12-Oct-20
Ms. Mridula Iyer	Nominee Director from Citibank. N.A.	5-Nov-20	
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	8-Oct-20
Mr. Nagesh Vaidya	Nominee Director from Kerala Gramin Bank	5-Nov-20	12-Jan-21
Mr. Jayaprakash C.	Nominee Director from Kerala Gramin Bank	17-Feb-21	-

Key Managerial Personnel of the Company	Designation	Date of appointment	Date of Retirement/ Cessation
Mr. Dilip Asbe	Managing Director & CEO	8-Jan-18	-
Mr. Ritesh Shukla	Chief Executive Officer (NIPL)	1-Oct-20	-
Mr. Rupesh Acharya	Chief Financial Officer (NPCI)	19-Mar-20	-
Mr. Ashish Pai	Chief Financial Officer (NBBL)	8-Mar-21	-
Mr. A R Ramesh	Manager (NBBL)	8-Mar-21	-
Mr. Prateek Bakliwal	Company Secretary (NBBL)	7-Jan-21	-
Mr. Pravin Jogani	Company Secretary (NIPL)	1-Oct-20	-
Ms. Priyanka Agrawal	Company Secretary (NPCI)	14-May-18	-

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Name of Related Parties	Relationship
Andhra Bank (Ceased to be related party as on 28-Feb-2021)	Entity with common director
Axis Bank Limited	Entity with common director
Union Bank of India (Related party from 01-Mar-2021)	Entity with common director
Indian Overseas Bank	Entity with common director
Ujjivan Small Finance Bank Limited	Entity with common director
Indian Financial Technology and Allied Services	Entity with common director
Indian Institute of Banking & Finance	Entity with common director
Kerala Gramin Bank (Related party from 03-Nov-2020)	Entity with common director
Bank of Baroda (Related party from 01-Mar-2021)	Entity with common director
National Securities Depository Limited	Entity with common director
NSDL Payments Bank Limited	Entity with common director
Yes Bank Limited	Entity with common director
Mahindra & Mahindra Financial Services (Ceased to be related party as on 21-Jan-2020)	Entity with common director
ICICI Bank Limited (Ceased to be related party as on 21-Jan-2020)	Entity with common director
Jio Payments Bank Limited (Ceased to be related party as on 19-Mar-2020)	Entity with common director
SBI Payment Services Private Limited (Ceased to be related party as on 24-Jun-2020)	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, 2021 are as below:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Transaction	Year ended 31-Mar-2021	Year ended 31-Mar-2020
Axis Bank Limited	Receiving of services	1,519.28	1,735.63
Andhra Bank	Receiving of services	124.49	415.93
ICICI Bank Limited	Receiving of services	-	176.75
Indian Overseas Bank	Receiving of services	834.46	33.05
National Securities Depository Limited	Receiving of services	0.11	480.45
Indian Financial Technology and Allied Services	Receiving of services	8.29	7.50
SBI Payment Services Private Limited	Receiving of services	-	150.00
Indian Institute of Banking and Finance	Receiving of services	0.55	-
NSDL Payments Bank Limited	Receiving of services	0.24	-
Yes Bank Limited	Receiving of services	102.26	-
Union Bank of India	Receiving of services	1,098.90	-
Kerala Gramin Bank	Receiving of services	1.96	-
Bank of Baroda	Receiving of services	862.17	-
Andhra Bank	Rendering of services	29.23	2,646.86
Axis Bank Limited	Rendering of services	9,569.81	8,617.69
Indian Overseas Bank	Rendering of services	2,315.72	2,489.19
ICICI Bank Limited	Rendering of services	-	9,129.49
Ujjivan Small Finance Bank Limited	Rendering of services	162.19	150.65
Jio Payments Bank Limited	Rendering of services	-	14.36
NSDL Payments Bank Limited	Rendering of services	123.71	5.80
SBI Payment Services Private Limited	Rendering of services	-	5.31
Indian Financial Technology and Allied Services	Rendering of services	23.84	-
Yes Bank Limited	Rendering of services	20.20	-
Union Bank of India	Rendering of services	3,744.07	-
Kerala Gramin Bank	Rendering of services	61.84	-
Bank of Baroda	Rendering of services	1,092.66	-
Total		**21,695.98**	**26,058.66**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Details of Amounts Due to or Due from Related Parties as at 31st March, 2021

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	As at 31-Mar-2021	As at 31-Mar-2020
Andhra Bank	Deposit	-	625.30
National Securities Depository Limited	Deposit	-	1.00
NSDL Payments Bank Limited	Deposit	75.00	15.00
Axis Bank Limited	Deposit	4,297.91	4,297.91
Mahindra & Mahindra Financial Services	Deposit	-	1.00
Ujjivan small Finance Bank Ltd	Deposit	-	173.28
ICICI Bank Ltd	Deposit	-	4,426.60
Indian Overseas Bank	Deposit	172.61	167.61
Jio Payments Bank Limited	Deposit	-	10.00
Yes Bank Limited	Deposit	6,851.87	-
Union Bank of India	Deposit	49.51	-
Kerala Gramin Bank	Deposit	10.00	-
Bank of Baroda	Deposit	890.81	-
Indian Overseas Bank	Trade Payable	1.90	-
NSDL Payments Bank Limited	Trade Payable	0.09	-
Yes Bank Limited	Trade Payable	0.01	-
Axis Bank Limited	Trade Payable	18.37	17.69
Union Bank of India	Trade Payable	55.38	-
Bank of Baroda	Trade Payable	92.51	-
Kerala Gramin Bank	Trade Payable	0.01	-
Total		**12,515.98**	**9,735.39**

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	As at 31-Mar-2021	As at 31-Mar-2020
Andhra Bank	Trade receivable	-	15.43
ICICI Bank Limited	Trade receivable	-	137.27
Axis Bank Limited	Trade receivable	16.44	116.77
Indian Financial Technology and Allied Services	Trade receivable	23.84	0.55
Indian Overseas Bank	Trade receivable	12.62	21.80
Ujjivan Small Finance Bank Limited	Trade receivable	-	0.20
SBI Payment Services Private Limited	Trade receivable	-	0.13
Jio Payment Bank	Trade receivable	-	0.24
NSDL Payments Bank Limited	Trade receivable	0.16	-
Union Bank of India	Trade receivable	61.02	-
Kerala Gramin Bank	Trade receivable	0.04	-
National Securities Depository Limited	Trade receivable	0.09	-
Yes Bank Limited	Trade receivable	0.65	-
Bank of Baroda	Trade receivable	6.96	-
Total		**121.82**	**292.39**

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

Name of Related Party	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Sitting Fees	61.65	97.50
Honorarium Fees	43.90	8.25
Total	**105.55**	**105.75**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

Name of Related Party	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Short Term Employee Benefits	407.43	233.71
Post-Employment Benefits*	-	6.98
Other Long Term Benefits	3.83	-
Total	**411.26**	**240.69**

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

2.39 Lease disclosure

In current year, the Company has recognised Interest on Lease Liability and Amortization of Right of use Asset as per IND-AS 116 'Lease' in the statement of Income and Expenditure under:

i. Interest on Lease Liability of ₹ 286.62 lakh.

ii. Amortization of Lease Liability of ₹ 1,712.35 lakh.

iii. The total outstanding cash outflow for lease as per the agreement is ₹ 4,893.67 lakh.

iv. The carrying amount of Right of use asset as on 31st March, 2021 is ₹ 3,641.55 lakh.

The Company has taken premises under leave and license agreement, the rent and escalation depends upon the lease by the Company. The Company has given refundable interest free security deposits under certain agreements.

The disclosure requirement and maturity analysis of lease liability and asset as per IND-AS 116 are as follows:

i) The net carrying amount of Right of use asset:

(Amount ₹ in Lakh)

Particular	As at 01-Apr-2020	Addition	Deletion / Amortization	As at 31-Mar-2021
Right of use of Asset	2,802.53	2,551.37	1,712.35	3,641.55

ii) Reconciliation between the total minimum lease payment as on 31st March, 2021 and their present value is as below:

(Amount ₹ in Lakh)

Particular	As at 31-Mar-2021	As at 31-Mar-2020
Lease Liability as at balance sheet date	3,943.60	2811.79
Add: Interest	950.07	280.49
Minimum Lease Payment	**4,893.67**	**3092.28**

iii) Maturity Analysis of the Minimum lease payment for the following years as follow:

(Amount ₹ in Lakh)

Particular	As at 31-Mar-2021	As at 31-Mar-2020
Not Later than 1 year	1,549.17	1,259.35
Later than 1 year but not more than 5 year	1,922.14	1832.93
More than 5 year	1,422.35	-
Total	**4,893.67**	**3092.28**

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

2.40 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) namelyPayments 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.

2.41 Contingent Liabilities and Commitments

(Amount ₹ in Lakh)

Contingent Liabilities and Commitments (to the extent not provided for)	As at 31-Mar-2021	As at 31-Mar-2020
(i) Commitments		
(a) Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for	38,394.25	60,158.85
(b) Revenue Commitments	29,180.27	13,297.77
Sub Total	**67,574.52**	**73,456.62**
(ii) Contingent Liabilities on Account of Tax Demand		
Income Tax Demand for AY 2010-2011	309.26	301.28
Income Tax Demand for AY 2011-2012	183.27	183.27
Income Tax Demand for AY 2012-2013	-	831.28
Income Tax Demand for AY 2013-2014	578.22	578.22
Income Tax Demand for AY 2015-2016	467.50	467.5
Income Tax Demand for AY 2016-2017	1,304.48	1,304.48
Sub Total	**2,842.73**	**3,666.03**
(iii) Contingent Liabilities - Other Matters	2,597.00	2,597.00
Sub Total	**2,597.00**	**2,597.00**
Total	**73,014.25**	**79,719.65**

Contingent Liability for Income Tax:

As per the Tax Consultant and as advised, the Company will be 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 is in appeal at Commissioner of Income Tax (Appeals) which is discussed in details here. The Contingent liability is calculated for AY 2011-2012, AY 2013-14, AY 2015-16 and AY 2016-17. For AY 2010-11 and AY 2012-2013, Hon'ble ITAT has directed lower tax authorities to all the claim of exemption u/s 11 and 12 of the Income Tax Act, 1961 and for which order giving effect to ITAT has been passed resulting refund. For AY 2014-2015,AY 2017-18 and AY 2018-19 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 and AY 2018-19.

Assessment Year 2010-11:

The Contingent liability for A.Y. 2010-11 amounts to ₹ 309.26 lakh is on account of demand raised for penalty as per order u/s 271(1)(c) by the revenue tax authority against which the Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai . The hearing for the said appeal has been concluded and CIT(A) Order is awaited.

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 ₹ 1623.27 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Assessment Year 2013-14:

The Contingent liability for A.Y. 2013-14 amounts to ₹ 578.22 lakh is on account of difference between the tax demands by the Revenue Authority of ₹ 1,803.62 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 other deductions. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

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 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 and other deductions. 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 and other deductions. 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.

2.42 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 Cases
List of Cases Where NPCI is the Direct Party (i.e. Only party or First Party)	
District Consumer Dispute Resolution Commission, Mumbai, Maharashtra	2
State Commission , Kullu, Himachal Pradesh.	1
State Commission , Mumbai, Maharashtra	1
List of Cases Where NPCI is a responding party along with other responding party/parties.	
District Consumer Dispute Resolution Commission, Durg, Chattisgarh	7
District Consumer Dispute Resolution Commission, Shri Ganganagar, Rajasthan	1
District Consumer Dispute Resolution Commission, Amreli, Gujarat	1
District Consumer Dispute Resolution Commission, Auriya, Uttar Pradesh	1
District Consumer Dispute Resolution Commission, Mehsana, Gujarat	1
District Consumer Dispute Resolution Commission, Janjgir, Champa, Chattisgarh	1
District Consumer Dispute Resolution Commission, Ludhiana, Punjab	1
District Consumer Dispute Resolution Commission, Panchkula, Haryana	1
District Consumer Dispute Resolution Commission, Bharatpur, Rajasthan	1
District Consumer Dispute Resolution Commission, Barmer, Rajasthan	1
District Consumer Dispute Resolution Commission, Thane, Maharashtra	1
District Consumer Dispute Resolution Commission, Rewari, Haryana	1

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2021

Court /Region	No of Cases
District Consumer Dispute Resolution Commission, Jalor, Rajasthan	1
District Consumer Dispute Resolution Commission, Nashik, Maharashtra	1
Permanent Lok Adalat, Panchkula, Haryana	1
Permanent Lok Adalat, Azamgarh, Uttar Pradesh	1
State Commission, Aurangabad, Maharashtra	1
District Consumer Dispute Resolution Commission, Jaipur-II, Rajasthan	1
Permanent Lok Adalat, Sikar, Rajasthan	1

2.43.1 Value of Import of Services

(Amount ₹ in Lakh)

Particular	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Software License / Consultancy charges	317.96	405.97
Cwip - Building And Premises	67.46	-
Computers and Printers	-	8.60
Total	**385.42**	**414.57**

2.43.2 Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

Particular	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Foreign Travel Expenses (Diem Allowance)	-	85.71
Software AMC Expenses	24.64	170.23
Conference / Seminar / Study Visit Expenses	-	115.74
Escrow Agent Fees / Professional Fees	473.22	242.08
Subscription and Membership Fees	134.14	34.51
Training and Seminar Charges	125.87	3.08
Foreign Exchange Loss	-	5.97
Advertising and Publicity Expenses	0.27	59.22
Total	**758.14**	**716.54**

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.

2.44 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.

Particular	As at 31-Mar-2021	As at 31-Mar-2020
a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	1.18	-
(ii) Interest due on above	-	-
Total		
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

for the year ended 31st March, 2021

2.45 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 Systems 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 Systems 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 ₹ 15,900 lakh has been provided for the year ended 31st March, 2021, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax income of ₹ 29.88 lakh as per the applicable of Accounting Standard.

2.46 COVID Impact

The company is continuously monitoring the impact of COVID-19 on its financial position. Covid 19 is continuous affecting economic activities in India and abroad and, as a result, may impact the payment industry in which the Company operates. On the basis of the companies monitoring it has identified that there is not material impact of Covid 19 on its financial position.

2.47 Summary of net assets, share in consolidated surplus and share in other comprehensive income

(Amount ₹ in Lakh)

Sr No	Particulars	Net Assets Total Assets minus total Liabilities		Share in Income & Expenditure		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
		As at March 31, 2021		Year Ended March 31, 2021		Year Ended March 31, 2021		Year Ended March 31, 2021	
		As a % of Consolidated Net Assets	Amount	As a % of Consolidated I&E	Amount	As a % of Consolidated OCI	Amount	As a % of Consolidated TCI	Amount
	Parents Company								
1	National Payments Corporation of India	100.09%	215,933	100.74%	42,260.70	100.00%	(128.13)	100.74%	42,132.57
	Subsidiaries								
1	NPCI International Payments Limited	(0.08)%	(176.78)	(0.69)%	(289.12)	0.00%	-	(0.69)%	(289.12)
2	NPCI Bharat BillPay Limited	(0.01)%	(19.24)	(0.05)%	(19.24)	0.00%	-	(0.05)%	(19.24)
		100%	**215,736.55**	**100%**	**41,952.34**	**100%**	**(128.13)**	**100%**	**41,824.21**

2.48 There are no material prior period errors which can impact the financial position of the company as per IND AS 8.

2.49 Previous year's figures have been regrouped, reclassified & rearranged to correspond with the current year figures / presentation wherever necessary.

As per our report attached

For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 12th May, 2021

For and on behalf of Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dr. Amitha Sehgal
Director
DIN: 08309997

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Rupesh H Acharya
Chief Financial Officer

Priyanka Agrawal
Company Secretary