

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 2022, the Standalone Statement of Income & Expenditure, including the statement of Other Comprehensive Income, the Standalone Statement of Changes in Equity and the Standalone 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 2022, its Standalone surplus 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, 2022. 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

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 2.20, 2.28 and 2.41 to the Ind AS Standalone financial statements.

Audit Procedures followed to address the key Matters

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 surplus / deficit (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, 2022 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, 2020 ("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 as it is a company licensed to operate under Section 25 of the Companies Act, 1956 (currently governed under section 8 of the Companies Act, 2013).
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 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 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) 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 of Notes to the Standalone 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.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- Directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries
- c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (iv)(a) and (iv)(b) contain any material mis-statement.
- v. The Company is incorporated under Section 25 of the Companies Act, 1956 (currently governed under section 8 of the Companies Act, 2013) as a Non-Profit Organization. Accordingly as per Section 123 of the Companies Act, 2013, the Company is prohibited by their constitution from paying any dividend to its members. They apply the surplus in promoting the objects of the Company.

3. As per the requirements of section 143 (5), in our opinion and to the best of our information and according to the explanations given to us, books of accounts and other records produced before us for verification and on the basis of management representation; the said accounts, read together with the company's Accounting policies and the Notes thereto are given below:

| S. No. | 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. | <p>1) The Company has system in place to process all the accounting transactions through IT systems (ERP) except for the following:-</p> <ul style="list-style-type: none"> • 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. <p>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.</p> |
| 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. Whether such cases are properly accounted for? (In case, lender is Government Company, then this direction is also applicable for statutory auditor of the lender company) | <p>Not Applicable</p> <p>Company has not availed any loan.</p> |

| S. No. | DIRECTIONS | ANSWER |
|--------|--|--|
| 3. | Whether funds (grants/subsidy) 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 2021-22.

| 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? | The Company has carried out a detailed compliance assessment of RBI Master directions on Digital Payment Security Controls. The said assessment was carried out by a competent third party. The report was received by the company in October 2021 wherein no observation was reported. The Company has identified the various controls to be followed as per the RBI Master Direction and accordingly assigned the Cert-In empanelled Third Party Auditor (RSM Astute Consulting Private Limited) to conduct the audit to certify 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. We have relied on the report and confirm that the controls as required by the RBI Master Directions are in place. |

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

Parag Jain
Partner

Membership No: 078548
UDIN: 22078548AJPTMY8159

Place: Mumbai
Date: 25th May, 2022

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 2022 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 2022, 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

Place: Mumbai
Date: 25th May, 2022

Membership No: 078548
UDIN: 22078548AJPTMY8159

Standalone Balance Sheet

 as at 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Note No. | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------|--------------------|--------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a Property, Plant & Equipment | 2.1 | 25,705.47 | 27,799.55 |
| b Capital Work-In-Progress | 2.2 | 37,219.13 | 12,822.66 |
| c Intangible Assets | 2.3 | 6,907.32 | 8,426.65 |
| d Intangible Assets under development | 2.4 | 2,090.33 | 2,081.13 |
| e Right of Use Assets | 2.5 | 4,513.58 | 3,641.55 |
| f Financial Assets | | | |
| i Investments | 2.6 | 56,990.17 | 46,627.72 |
| ii Other Financial Assets | 2.7 | 1,370.11 | 3,617.18 |
| g Other Non-Current Assets | 2.8 | 186.74 | 220.93 |
| Total Non-Current Assets | | 1,34,982.85 | 1,05,237.37 |
| Current Assets | | | |
| a Financial Assets | | | |
| i Investments | 2.9 | 29,851.80 | 28,597.22 |
| ii Trade Receivables | 2.10 | 7,771.11 | 7,574.24 |
| iii Cash & Cash Equivalents | 2.11 | 15,689.08 | 26,253.51 |
| iv Bank balances other than (iii) above | 2.12 | 2,11,755.86 | 1,63,172.64 |
| v Other Financial Assets | 2.13 | 42,780.20 | 18,941.13 |
| b Current Tax Assets (net) | 2.14 | 3,859.74 | 3,841.78 |
| c Other Current Assets | 2.15 | 24,562.28 | 12,437.51 |
| Total Current Assets | | 3,36,270.07 | 2,60,818.03 |
| Assets classified as held for Sale | | - | 1,640.99 |
| TOTAL ASSETS | | 4,71,252.92 | 3,67,696.39 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a Equity Share Capital | 2.16 | 14,036.69 | 14,036.69 |
| b Other Equity | 2.17 | 2,78,197.89 | 2,02,038.35 |
| Total Equity | | 2,92,234.58 | 2,16,075.04 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| a Financial Liabilities | | | |
| i Lease liabilities | 2.18 | 4,106.05 | 2,650.14 |
| ii Other Financial Liabilities | 2.19 | 93,657.12 | 69,116.59 |
| b Deferred Tax Liabilities (net) | 2.20 | 1,533.00 | 1,955.00 |
| c Long Term Provisions | 2.21 | 423.83 | 561.64 |
| d Other Non-Current Liabilities | 2.22 | 814.37 | 468.08 |
| Total Non-Current Liabilities | | 1,00,534.37 | 74,751.45 |
| Current Liabilities | | | |
| a Financial Liabilities | | | |
| i Lease liabilities | 2.23 | 920.30 | 1,293.46 |
| ii Trade Payables Due to: | 2.24 | | |
| Micro and Small Enterprises | | 22.26 | - |
| Other than Micro and Small Enterprises | | 9,748.90 | 3,473.30 |
| iii Other Financial Liabilities | 2.25 | 15,884.01 | 10,655.14 |
| b Other Current Liabilities | 2.26 | 722.38 | 3,024.57 |
| c Provisions | 2.27 | 22,218.90 | 26,625.88 |
| d Current Tax Liabilities (net) | 2.28 | 28,967.22 | 30,284.66 |
| Total Current Liabilities | | 78,483.97 | 75,357.01 |
| Liabilities directly associated with assets held for Sale | | - | 1,512.89 |
| TOTAL EQUITY AND LIABILITIES | | 4,71,252.92 | 3,67,696.39 |
| Significant Accounting Policies & Notes on Accounts | 1&2 | | |

As per our report attached

For and on behalf of the Board of Directors

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

Biswamohan Mahapatra
 Chairman
 DIN: 06990345

Venkatraman Srinivasan
 Director
 DIN: 00246012

CA Parag Jain
 Membership No: 078548
 Partner

Dilip Asbe
 Managing Director & CEO
 DIN: 02990724

Rupesh H Acharya
 Chief Financial Officer

Place : Mumbai
 Date : 25th May 2022

Priyanka Agrawal
 Company Secretary

Standalone Statement of Income And Expenditure

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Note No. | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|----------|------------------------|------------------------|
| Income | | | |
| Revenue from Operations | 2.29 | 1,58,271.85 | 1,12,139.95 |
| Other Income | 2.30 | 22,717.22 | 14,313.67 |
| Total Income | | 1,80,989.07 | 1,26,453.62 |
| Expenses | | | |
| Operating Expenses | 2.31 | 10,652.27 | 9,197.18 |
| Employee Benefit Expenses | 2.32 | 17,442.49 | 16,457.82 |
| Administrative and Establishment Expenses | 2.33 | 2,649.84 | 2,168.36 |
| Depreciation and Amortisation Expenses | 2.34 | 14,554.77 | 14,035.23 |
| Other Expenses | 2.35 | 37,128.90 | 25,611.10 |
| Total Expenses | | 82,428.27 | 67,469.69 |
| Surplus Before Tax | | 98,560.80 | 58,983.93 |
| Tax Expense | | | |
| Current Tax | | 26,700.00 | 15,700.00 |
| Deferred Tax | | (416.31) | (29.88) |
| Prior year tax adjustment | | (1,317.44) | - |
| Total Tax Expenses | | 24,966.25 | 15,670.12 |
| Surplus for the period from continuing operations | | 73,594.55 | 43,313.81 |
| Surplus/(Deficit) from discontinued operations | | - | (1,022.97) |
| Surplus for the period before exceptional items | | 73,594.55 | 42,290.84 |
| Exceptional items | | 3,312.30 | - |
| Surplus for the period | | 76,906.85 | 42,290.84 |
| Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Income and Expenditure - | | | |
| Continuing operations | | | |
| Remeasurement of defined employee benefit plans | | 76.41 | (151.72) |
| Return on plan assets (excluding interest) | | (3.08) | 3.47 |
| Income Tax relating to items that will not be reclassified to Income and Expenditure | | 5.69 | 20.12 |
| B (i) Items that will be reclassified to Income and Expenditure | | - | - |
| (ii) Income Tax relating to items that will be reclassified to Income and Expenditure | | - | - |
| Total Other Comprehensive Income | | 79.02 | (128.13) |
| Total Comprehensive Income for the period | | 76,985.87 | 42,162.71 |
| Earnings per equity share (for continuing operations) | | | |
| 1 Basic earnings per share (₹) | 2.36 | 547.90 | 318.02 |
| 2 Diluted earnings per share (₹) | | 547.90 | 318.02 |
| Earnings per equity share (for discontinued operations) | | | |
| 1 Basic earnings per Share (₹) | | - | (7.51) |
| 2 Diluted earnings per Share (₹) | | - | (7.51) |
| Earnings per equity share (for continuing and discontinued operations) | | | |
| 1 Basic earnings per Share (₹) | | 547.90 | 310.51 |
| 2 Diluted earnings per Share (₹) | | 547.90 | 310.51 |

As per our report attached

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

CA Parag Jain
Membership No: 078548
Partner

Place : Mumbai
Date : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Priyanka Agrawal
Company Secretary

Venkatraman Srinivasan
Director
DIN: 00246012

Rupesh H Acharya
Chief Financial Officer

Standalone Statement of Cash Flow

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Cash flow from operation activities | | |
| Net surplus for the period from continuing operations | 98,560.80 | 58,983.93 |
| Net surplus/(deficit) before tax from discontinued operation | - | (1,022.97) |
| Exceptional Items | 3,312.30 | - |
| Adjustment to reconcile net profit to net cash by operating activities | | |
| Depreciation | 14,554.77 | 14,035.23 |
| Provision for employee benefit | - | 1.43 |
| Fixed assets written off | 0.57 | 7.29 |
| Unrealised foreign exchange (gain) / loss (net) | 12.39 | 12.98 |
| Less : Interest income earned | (14,683.22) | (11,823.37) |
| Operating Surplus before working capital changes | 1,01,757.61 | 60,194.52 |
| Adjustment for: | | |
| Trade and other receivables | (14,589.45) | (13,009.06) |
| Trade and other payables | 29,883.93 | 21,252.70 |
| Cash generated from operations | 1,17,052.09 | 68,438.16 |
| Adjustment for Income tax | (26,717.97) | 14,218.20 |
| Tax paid on Regular Assessment | - | - |
| Net cash from operating activities (A) | 90,334.12 | 82,656.36 |
| Cash flow from investing activities | | |
| Expenditure on Property, plant and equipment | (36,219.62) | (25,870.08) |
| Investment in earmarked funds | (1,254.75) | (28,096.31) |
| Investment own fund in Bank FD | (23,780.00) | (17,312.99) |
| Investment with Financial Institutions | (42,838.47) | 2,400.00 |
| Investments in Government securities (quoted) | (5,162.08) | (8,635.77) |
| Redemption / (Purchase) of T-Bills | 45.05 | (8,953.86) |
| Investments in subsidiaries | (6,500.00) | - |
| Interest income | 14,683.22 | 11,823.37 |
| Net cash used in investing activities (B) | (1,01,026.65) | (74,645.64) |
| Cash flow from financing activities | | |
| Net Proceeds/ (Repayment) of Secured Loans | - | - |
| Net proceeds from issuance of equity shares | - | 8,163.90 |
| Net cash used in financial activities (C) | - | 8,163.90 |
| Net asset directly associated - Discontinued operations | 128.10 | (128.10) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (10,564.43) | 16,046.53 |
| Cash and cash equivalents (opening) | 26,253.51 | 10,206.98 |
| Cash and cash equivalents (closing) | 15,689.08 | 26,253.51 |

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

Place : Mumbai
 Date : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra
 Chairman
 DIN: 06990345

Dilip Asbe
 Managing Director & CEO
 DIN: 02990724

Priyanka Agrawal
 Company Secretary

Venkatraman Srinivasan
 Director
 DIN: 00246012

Rupesh H Acharya
 Chief Financial Officer

Standalone Statement of Changes In Equity

for the year ended 31st March, 2022

2.16 Equity Share Capital

| | (Amount ₹ in Lakh) | | | |
|-------------------------------|--|--------------------------------------|---|------------------------------|
| | Changes in equity share due to prior period errors | Restated Balance as at April 1, 2021 | Changes in equity share due during the year | Balance as at March 31, 2022 |
| Balance as at 1st April, 2021 | - | - | - | 14,036.69 |
| | 14,036.69 | | | |
| Balance as at 1st April, 2020 | - | - | 649.99 | 14,036.69 |
| | 13,386.70 | | | |

Other Equity

2.17 Statement of Changes in Equity

| Particulars | Reserves and Surplus | | | | | | | Other items of Other Comprehensive Income | Total |
|---|-----------------------------|--------------------|-----------------|--------------------|-------------------|------------------------|-------------------|---|-------------|
| | Securities Premium Raeserve | Technology Reserve | NFS SGM Reserve | Risk Cover Reserve | RuPay SGM Reserve | Sustainability Reserve | Retained Earnings | | |
| Balance as at 1st April, 2021 | 16,048.39 | 22,500.00 | 1,000.00 | 11,647.00 | 100.00 | 20,000.00 | 1,31,008.40 | (265.47) | 2,02,038.35 |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 76,906.85 | 78.99 | 76,985.84 |
| 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 | - | - | - | - | - | - | (287.57) | - | (287.57) |
| Transfer to SGM Contribution - IMPS | - | - | - | - | - | - | (943.16) | - | (943.16) |
| Transfer to SGM Contribution - AEPS | - | - | - | - | - | - | 59.68 | - | 59.68 |
| Transfer to SGM Contribution - NETC | - | - | - | - | - | - | (4.36) | - | (4.36) |
| Transfer to SGM Contribution - UPI | - | - | - | - | - | - | 243.41 | - | 243.41 |
| Transfer to SGM Contribution - RuPay | - | - | - | - | - | - | 67.16 | - | 67.16 |
| Transfer to SGM Contribution - NACH | - | - | - | - | - | - | 38.55 | - | 38.55 |
| Balance as at 31st March 2022 | 16,048.39 | 27,500.00 | 1,000.00 | 15,647.00 | 100.00 | 30,000.00 | 1,88,088.95 | (186.48) | 2,78,197.89 |

Standalone Statement of Changes In Equity

for the year ended 31st March, 2022

(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 | | |
| 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 | 1,52,992.54 |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 42,290.84 | 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 |
| Balance as at 31st March, 2021 | 16,048.39 | 22,500.00 | 1,000.00 | 11,647.00 | 100.00 | 20,000.00 | 1,31,008.40 | 2,02,038.35 |

The Company has created reserves namely, RuPay SGM Reserve, NFS 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 : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra
Chairman
DIN: 06990345

Dilip Asbe
Managing Director & CEO
DIN: 02990724

Priyanka Agrawal
Company Secretary

Venkatraman Srinivasan
Director
DIN: 00246012

Rupesh H Acharya
Chief Financial Officer

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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

NPCI is building its own data centres for hosting the Information Technology infrastructure. It is expected to be commissioned in due course.

NPCI International Payments Limited (NIPL), a wholly owned subsidiary, has been set up for internalisation of RuPay and UPI. NPCI has entered into products and services agreement with NIPL for the said purpose. Certain agreements for International Alliance has been novated during the financial year. There is arrangement agreed upon between NPCI and NIPL for the same.

In order to leverage the platform strength of NPCI and to build synergies between the two companies i.e. NPCI and NBBL, the intercompany collaboration arrangement is being worked out to help consumers (bill payer) with the wider options for payments. The said collaboration arrangement will provide Technology and IT Support Services and Marketing and Business Development Support Services to its subsidiary i.e. NPCI Bharat BillPay Limited. The same has been approved by the Boards of the respective companies and was under discussion during the financial year 2021-2022.

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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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 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, 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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 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 | Estimated useful life (In years) |
|---------|---------------------------------------|----------------------------------|
| 1 | Network Equipment / Central Switching | 6 |
| 2 | 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 | Estimated useful life (In years) |
|---------|--|----------------------------------|
| 1 | Software | 3 |
| 2 | Copyrights, and patents and other intellectual property rights | 5 |

1.8. Research and development expenditure

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company has intention to complete the intangible asset and use or sell it.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

- 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.

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;

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

- 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 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:

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 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, 2022

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, 2022:

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|------------------------------------|----------------------|-----------------|---------------|--------------------------|----------------------|-------------------|---------------------------|----------------------|----------------------|
| | As at 01-Apr-2021 | Additions | Deletions | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Land | 3,995.04 | - | - | 3,995.04 | - | - | - | 3,995.04 | 3,995.04 |
| Building | 4,022.39 | - | - | 4,022.39 | 406.70 | 67.73 | - | 474.43 | 3,547.96 |
| Computers | 2,037.39 | 1,068.71 | 60.28 | 3,045.82 | 1,521.15 | 376.80 | 59.94 | 1,838.01 | 1,207.81 |
| Network Equipment | 11,850.11 | 1,585.25 | 182.00 | 13,253.36 | 6,062.92 | 1,935.34 | 182.00 | 7,816.26 | 5,437.10 |
| Switching Eqpt./Central Processors | 26,195.00 | 1,423.60 | 430.36 | 27,188.24 | 13,200.16 | 4,016.26 | 430.35 | 16,786.07 | 12,994.84 |
| Furniture and Fixture | 497.29 | 49.60 | 0.29 | 546.60 | 154.43 | 54.39 | 0.22 | 208.60 | 342.86 |
| Electrical Installation | 155.49 | 53.34 | - | 208.83 | 45.05 | 36.45 | - | 81.50 | 110.44 |
| Telephone | 52.16 | 3.70 | 0.78 | 55.08 | 41.47 | 6.39 | 0.79 | 47.07 | 10.69 |
| Office Equipment | 489.11 | 95.97 | 1.44 | 583.64 | 335.60 | 66.29 | 1.44 | 400.45 | 153.51 |
| Leasehold improvement | 293.38 | 276.03 | - | 569.41 | 20.34 | 90.21 | - | 110.55 | 273.04 |
| As at 31-Mar-2022 | 49,587.37 | 4,556.20 | 675.15 | 53,468.41 | 21,787.82 | 6,649.84 | 674.74 | 27,762.94 | 27,799.55 |

(Amount ₹ in Lakh)

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2021:

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|------------------------------------|----------------------|-----------------|-----------------|--------------------------|----------------------|-------------------|---------------------------|----------------------|----------------------|
| | As at 01-Apr-2020 | Additions | Deletions | As at 01-Apr-2021 | As at 01-Apr-2020 | For the period | Deletions/ Adjustments | As at 01-Apr-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 | 3,683.41 |
| Computers | 1,685.96 | 474.33 | 101.94 | 2,037.39 | 1,308.50 | 322.44 | 100.06 | 1,521.15 | 377.46 |
| Network Equipment | 10,674.32 | 1,317.65 | 15.67 | 11,850.11 | 4,370.77 | 1,758.96 | 15.67 | 6,062.92 | 6,303.55 |
| Switching Eqpt./Central Processors | 24,667.62 | 2,999.05 | 1,097.18 | 26,195.00 | 10,387.68 | 4,064.60 | 1,097.18 | 13,200.16 | 14,279.94 |
| Furniture and Fixture | 342.29 | 163.72 | 8.72 | 497.29 | 121.18 | 38.02 | 4.77 | 154.43 | 221.11 |
| Electrical Installation | 46.92 | 111.95 | 3.39 | 155.48 | 35.96 | 11.53 | 2.44 | 45.05 | 10.96 |
| Telephone | 51.75 | 1.01 | 0.10 | 52.16 | 33.64 | 8.10 | 0.06 | 41.47 | 18.11 |
| Office Equipment | 409.74 | 85.26 | 5.88 | 489.12 | 291.43 | 49.58 | 5.41 | 335.60 | 118.31 |
| Leasehold Improvement | 11.18 | 282.40 | 0.20 | 293.38 | 10.72 | 9.82 | 0.20 | 20.34 | 0.46 |
| As at 31-Mar-2021 | 45,907.22 | 5,435.37 | 1,233.08 | 49,587.37 | 16,898.85 | 6,330.78 | 1,225.79 | 21,787.82 | 27,799.55 |
| | | | | | | | | | 29,008.36 |

(Amount ₹ in Lakh)

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Notes:

- There has been no revaluation of Property, Plant and equipment during the current year and previous financial year.
- The title deed of all the Immovable properties are held in the name of the company.

2.2 Capital work-in-progress

Capital Work in Progress (CWIP) as on Mar'2022

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|-----------------|---------------|-------------------|------------------|
| Projects in progress | 30,675.67 | 6,234.12 | 294.12 | 15.22 | 37,219.13 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 30,675.67 | 6,234.12 | 294.12 | 15.22 | 37,219.13 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2022

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|------------------------------|------------------|-------------|-------------|-------------------|------------------|
| To be completed in | | | | | |
| Projects in progress | | | | | |
| Smart Data Centre - Project* | 36,611.21 | - | - | - | 36,611.21 |
| Total | 36,611.21 | - | - | - | 36,611.21 |

* The project has been over due as original project date given was January 2022.

Capital Work in Progress (CWIP) as on Mar'2021

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|---------------|--------------|-------------------|------------------|
| Projects in progress | 12,352.43 | 451.06 | 10.71 | 8.46 | 12,822.66 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 12,352.43 | 451.06 | 10.71 | 8.46 | 12,822.66 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2021

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|---------------------------|------------------|-------------|-------------|-------------------|----------|
| To be completed in | | | | | |
| Projects in progress | - | - | - | - | - |
| Total | - | - | - | - | - |

2.3 Intangible assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2022:

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | | |
|--------------------------|-------------------|-----------------|---------------|--------------------------|-------------------|-----------------|------------------------|-------------------|-------------------|-------------------|
| | As at 01-Apr-2021 | Additions | Deletions | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | As at 31-Mar-2022 | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Computer Software | 34,153.22 | 4,842.81 | 671.90 | 38,324.13 | 25,726.56 | 6,361.98 | 671.74 | 31,416.80 | 6,907.32 | 8,426.65 |
| As at 31-Mar-2022 | 34,153.22 | 4,842.81 | 671.90 | 38,324.13 | 25,726.56 | 6,361.98 | 671.74 | 31,416.80 | 6,907.32 | 8,426.65 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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/ Adjust-ments | 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 |

* There has been no revaluation of Intangible assets during the current year and previous financial year.

Details of Intangible assets under development as on 31-Mar-2022

(Amount ₹ in Lakh)

| Intangible assets under development | Amount in IAUD for a period of | | | | |
|-------------------------------------|--------------------------------|---------------|--------------|-------------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 1,880.72 | 129.54 | 63.52 | - | 2,073.78 |
| Projects temporarily suspended | 16.55 | - | - | - | 16.55 |
| Total | 1,897.27 | 129.54 | 63.52 | - | 2,090.33 |

Details of Intangible assets under development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2022

(Amount ₹ in Lakh)

| Intangible assets under development | To be completed in | | | | |
|-------------------------------------|--------------------|-------------|-------------|-------------------|--------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | - | - | - | - | - |
| Smart Data Centre - Project* | 65.42 | - | - | - | 65.42 |
| Project - Project Innovation* | 378.61 | - | - | - | 378.61 |
| Project - Tokenization* | 14.19 | - | - | - | 14.19 |

* The project has been over due as original project date for :

- Smart Data Centre was January/2022.
- Project Innovation was March/2022.
- Tokenisation was May/2021.

Details of Intangible assets under development as on 31-Mar-2021

(Amount ₹ in Lakh)

| Intangible assets under development | Amount in IAUD for a period of | | | | |
|-------------------------------------|--------------------------------|-------------|-------------|-------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 1,026.52 | 1,052.11 | - | 2.50 | 2,081.13 |
| Projects temporarily suspended | - | - | - | - | - |

Details of Intangible assets under development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2021

(Amount ₹ in Lakh)

| Intangible assets under development | To be completed in | | | | |
|-------------------------------------|--------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.5 Right of Use Assets

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|--------------------------|-------------------|-----------------|---------------|-------------------|--------------------------|-----------------|------------------------|-------------------|-------------------|-------------------|
| | As at 01-Apr-2021 | Additions | Deletions | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | As at 31-Mar-2022 | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Right of Use Assets | 6,834.37 | 2,421.74 | - | 9,256.11 | 3,192.82 | 1,549.71 | - | 4,742.53 | 4,513.58 | 3,641.55 |
| As at 31-Mar-2022 | 6,834.37 | 2,421.74 | - | 9,256.11 | 3,192.82 | 1,549.71 | - | 4,742.53 | 4,513.58 | 3,641.55 |
| 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 |

Non- Current Assets

Financial Assets (non-current)

2.6 Investments

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|---|----------------------------|-----------|-------------------|-----------|-------------------|
| I. Investments in Government Securities | | | | | |
| Quoted Investment-Investments carried at amortized cost | | | | | |
| G-Sec 7.68% 2023 | 100.00 | 12,00,000 | 1,198.04 | 12,00,000 | 1,197.21 |
| G-Sec 7.35% 2024 | 100.00 | 4,00,000 | 396.45 | 4,00,000 | 395.26 |
| G-Sec 8.40% 2024 | 100.00 | 4,00,000 | 403.34 | 4,00,000 | 404.56 |
| G-Sec 7.72% 2025 | 100.00 | 4,00,000 | 400.37 | 4,00,000 | 400.47 |
| G-Sec 8.15% 2026 - NI | 100.00 | 6,00,000 | 605.63 | 6,00,000 | 606.61 |
| G-Sec 8.60% 2028 | 100.00 | 4,00,000 | 411.89 | 4,00,000 | 413.32 |
| G-Sec 7.88% 2030 | 100.00 | 8,00,000 | 797.27 | 8,00,000 | 797.04 |
| G-Sec 7.95% 2032 | 100.00 | 8,00,000 | 805.85 | 8,00,000 | 806.21 |
| G-Sec 8.24% 2033 | 100.00 | 14,00,000 | 1,443.76 | 14,00,000 | 1,446.02 |
| G-Sec 7.59% 2029 | 100.00 | 8,00,000 | 795.79 | 8,00,000 | 795.37 |
| G-Sec 7.61% 2030 | 100.00 | 4,00,000 | 398.67 | 4,00,000 | 398.56 |
| G-Sec 7.37% 2023 | 100.00 | 6,00,000 | 596.13 | 6,00,000 | 593.69 |
| G-Sec 7.17% 2028 | 100.00 | 2,00,000 | 191.39 | 2,00,000 | 190.42 |
| G-Sec 7.59% 2026 | 100.00 | 4,00,000 | 397.63 | 4,00,000 | 397.16 |
| G-Sec 7.26% 2029 | 100.00 | 12,00,000 | 1,203.63 | 12,00,000 | 1,206.33 |
| G-Sec 7.32% 2024 | 100.00 | 12,00,000 | 1,207.80 | 12,00,000 | 1,211.55 |
| G-Sec 8.24% 2027 | 100.00 | 6,00,000 | 615.72 | 6,00,000 | 618.29 |
| G-Sec 7.27% 2026 | 100.00 | 20,00,000 | 2,037.06 | 20,00,000 | 2,044.43 |
| G-Sec 7.57% 2033 | 100.00 | 20,00,000 | 2,102.57 | 20,00,000 | 2,108.44 |
| G-Sec 6.45% 2029 | 100.00 | 10,00,000 | 997.54 | 10,00,000 | 997.32 |
| G-Sec 6.18% GS 2024 | 100.00 | 4,00,000 | 403.95 | 4,00,000 | 405.35 |
| G-Sec 5.79% 2030 | 100.00 | 6,00,000 | 599.22 | 6,00,000 | 599.15 |
| G-Sec 6.19% 2034 | 100.00 | 33,00,000 | 3,271.41 | 33,00,000 | 3,269.90 |
| G-Sec 5.77% 2030 | 100.00 | 14,00,000 | 1,382.05 | 14,00,000 | 1,380.44 |
| G-Sec 5.85% 2030 | 100.00 | 12,00,000 | 1,185.08 | 12,00,000 | 986.22 |
| G-Sec 6.22% 2035 | 100.00 | 30,00,000 | 2,960.83 | 30,00,000 | 2,958.40 |
| G-Sec 5.63% 2026 | 100.00 | 11,00,000 | 1,099.01 | - | - |
| G-Sec 6.65% 2035 | 100.00 | 6,00,000 | 600.13 | - | - |
| G-Sec 4.26% 2023 | 100.00 | 6,00,000 | 598.81 | - | - |
| G-Sec 4.56% 2023 | 100.00 | 12,00,000 | 1,195.50 | - | - |
| G-Sec 5.74% 2026 | 100.00 | 17,00,000 | 1,687.65 | - | - |
| Sub Total (A) | | | 31,990.17 | | 26,627.72 |
| Un-Quoted Investment - Investments carried at amortized cost | | | | | |
| Govt of India 8% Savings Bond | 100 | 50,00,000 | 5,000.00 | 65,00,000 | 6,500.00 |
| Sub Total (B) | | | 5,000.00 | | 6,500.00 |
| TOTAL (I) (A+B) | | | 36,990.17 | | 33,127.72 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.6 Investments (Contd..)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|--|----------------------------|-------------|-------------------|-----------|-------------------|
| II Investment in Equity | | | | | |
| Unquoted - Investment in subsidiary (at cost) | | | | | |
| NPCI International Payments Limited | 100 | 1,00,00,000 | 10,000.00 | 50,00,000 | 5,000.00 |
| NPCI Bharat BillPay Limited | 100 | 1,00,00,000 | 10,000.00 | 85,00,000 | 8,500.00 |
| TOTAL (II) | | | 20,000.00 | | 13,500.00 |
| Total (I+II) | | | 56,990.17 | | 46,627.72 |
| Aggregate amount of quoted investments | | | 31,990.17 | | 26,627.72 |
| Market Value of quoted investments | | | 32,011.83 | | 27,340.67 |
| Aggregate amount of unquoted investments | | | 25,000.00 | | 20,000.00 |
| Aggregate amount of impairment in value of investment. | | | - | | - |

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.

During the FY 2021-2022, the company has invested into the share capital of its subsidiaries i.e. NPCI International Payments Limited (NIPL) and NPCI Bharat BillPay Limited (NBBL) through Rights offer at par in proportion to the shares held by the company.

The company has subscribed to 50,00,000 equity shares of NPCI International Payments Limited of the face value of ₹ 100/- each at par in proportion to the shares held by the company. This is as per rights offer by NIPL to NPCI, the holding company. With this the total equity investment in the said subsidiary is ₹ 10,000 lakhs.

The company has subscribed to 15,00,000 equity shares of NPCI Bhart BillPay Limited of the face value of ₹ 100/- each at par in proportion to the shares held by the company. This is as per rights offer by NBBL to NPCI, the holding company. With this the total equity investment in the said subsidiary is ₹ 10,000 lakhs.

2.7 Other Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|-------------------|-------------------|
| Security Deposit * | 613.59 | 716.39 |
| Unamortised Advance Rental | 119.87 | 70.04 |
| Settlement Guarantee Fund | 101.65 | 36.75 |
| Sub Total (A) | 835.11 | 823.18 |
| Earmarked Deposits with maturity more than 12 months | | |
| Deposits with Banks - (AEPS - Collateral) | - | 110.00 |
| Deposits with Banks - (Technology - Reserve) | 199.00 | - |
| Term deposits with Banks - (NETC - Collateral) | 38.00 | 50.00 |
| Term deposits with Banks - (NACH - Collateral) | 199.00 | - |
| Sub Total (B) | 436.00 | 160.00 |
| Term deposits with Banks more than 12 months (Not Callable) | 99.00 | 99.00 |
| Term Deposit with Banks more than 12 months (Callable) | - | 2,535.00 |
| Sub Total (C) | 99.00 | 2,634.00 |
| Total (A + B + C) | 1,370.11 | 3,617.18 |

*Security deposit represents and relates principally to leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.8 Other Non-Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------|----------------------|----------------------|
| Capital Advance - Non IT | 3.94 | - |
| Prepaid Expenses | 182.80 | 220.93 |
| Total | 186.74 | 220.93 |

Current Assets

Financial Assets (Current)

2.9 Investments

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|---|-------------------------------|-----------|----------------------|----------|----------------------|
| Investments in Government Securities with maturity less than 12 months | | | | | |
| Quoted Investment-Investments carried at amortized cost | | | | | |
| G Sec 6.17% 2021 | 100 | - | - | 2,00,000 | 200.37 |
| Treasury Bill | | | | | |
| with maturity less than 3 months | 1,00,000 | - | - | 178 | 17,595.54 |
| with maturity more than 3 months but less than 12 months | 1,00,000 | 295.00 | 28,351.80 | 110 | 10,801.31 |
| Un-Quoted Investment -Investments carried at amortized cost | | | | | |
| Govt of India 8% Savings Bond | 100 | 15,00,000 | 1,500.00 | - | - |
| Total | | | 29,851.80 | | 28,597.22 |
| Aggregate amount of quoted investments | | | - | | 200.37 |
| Market Value of quoted investments | | | - | | 201.55 |
| Aggregate amount of unquoted investments | | | 29,851.80 | | 28,396.85 |
| 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-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Unsecured considered good | | |
| Receivables for Settlement Fees | 6,669.47 | 5,690.82 |
| Receivables for Network / IIN recoveries | 270.81 | 1,173.55 |
| Receivables from International Alliances | - | 0.68 |
| Receivables for Certification /Others | 97.23 | 581.46 |
| Receivables for RuPay | 733.60 | 182.65 |
| Less : Allowance for Credit Losses | - | (54.91) |
| Total | 7,771.11 | 7,574.25 |

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 the credit risk is low.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Ageing of Trade Receivables as at 31-Mar-2022

(Amount ₹ in Lakh)

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Unbilled | Not due | Total |
|--|--------------------|-------------------|---------------|---------------|-------------------|---------------|-------------|-----------------|
| Undisputed trade receivables - considered good | 6,435.77 | 422.42 | 421.10 | 113.02 | - | 376.11 | 2.69 | 7,771.11 |
| Undisputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Total | 6,435.77 | 422.42 | 421.10 | 113.02 | - | 376.11 | 2.69 | 7,771.11 |

Ageing of Trade Receivables as at 31-Mar-2021

(Amount ₹ in Lakh)

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Unbilled | Not due | Total |
|--|--------------------|-------------------|---------------|-------------|-------------------|----------|---------------|-----------------|
| Undisputed trade receivables - considered good | 6,393.10 | 600.79 | 458.48 | 0.35 | 54.91 | - | 121.52 | 7,629.15 |
| Undisputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Less : Allowance for Credit Losses | - | - | - | - | (54.91) | - | - | (54.91) |
| Total | 6,393.10 | 600.79 | 458.48 | 0.35 | - | - | 121.52 | 7,574.24 |

2.11 Cash & Cash equivalents

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|-------------------|-------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.03 |
| Current account (Own Fund) | 2,331.90 | 10,590.98 |
| Current account (Flexi Facility with Bank) | 20.00 | 20.00 |
| Current account (International settlements) | 6,281.08 | 4,378.86 |
| Deposit with Banks | | |
| Term deposit with original maturity less than 3 months | 7,055.00 | 11,262.64 |
| Total | 15,689.08 | 26,253.51 |

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)

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Earmarked Funds | | |
| Balances with Banks | | |
| Current account (SGM Contribution) | 1,659.86 | 681.11 |
| Term deposits with banks with maturity less than 3 months | | |
| Term deposits with Banks - (SGM - NFS Contribution) | 2,797.00 | 5,334.00 |
| Term deposits with Banks - (SGM - IMPS Contribution) | 25,450.00 | 19,399.00 |
| Term deposits with Banks - (AEPS - Collateral) | 170.00 | 80.00 |
| Term deposits with Banks - (NETC - Collateral) | 19.00 | 22.00 |
| Term deposits with Banks - (Technology Reserve) | 11,072.00 | 2,797.00 |
| Term deposits with Banks - (Risk Cover) | 6,975.00 | 6,000.00 |
| Term deposits with Banks - (Sustainability Reserve) | 4,776.00 | 4,399.00 |
| with maturity more than 3 months but less than 12 months | | |
| Term deposits with Banks - (SGM - NFS Contribution) | 8,694.00 | 9,877.53 |
| Term deposits with Banks - (SGM - IMPS Contribution) | 17,284.00 | 23,961.00 |
| Term deposits with Banks - (AEPS - Collateral) | 3,417.00 | 428.00 |
| Term deposits with Banks - (NETC - Collateral) | 181.00 | 27.00 |
| Term deposits with Banks - (UPI - Collateral) | 18,205.00 | 530.00 |
| Term deposits with Banks - (Technology Reserve) | 16,229.00 | 19,703.00 |
| Term deposits with Banks - (Risk Cover) | 8,672.00 | 5,647.00 |
| Term deposits with Banks - (RuPay SGM Reserve) | 100.00 | 100.00 |
| Term deposits with Banks - (Sustainability Reserve) | 25,224.00 | 15,601.00 |
| Term deposits with Banks - (NFS SGM Reserve) | 1,000.00 | 1,000.00 |
| Term deposits with Banks - (RuPay SGM Collateral) | 5,457.00 | - |
| Term deposits with Banks - (NACH SGM Collateral) | 2,022.00 | - |
| Sub Total | 1,59,403.86 | 1,15,586.64 |
| Term Deposit with Banks | | |
| Original maturity more than 3 month but less than 12 months with Banks (Not Callable) | 52,352.00 | 47,586.00 |
| Sub Total | 52,352.00 | 47,586.00 |
| Total | 2,11,755.86 | 1,63,172.64 |

2.13 Other Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Advances to Employees | 131.06 | 53.87 |
| Unamortised Advance Rental | 37.50 | 38.09 |
| Deposit with insurance companies | 10.33 | 47.03 |
| Settlement Guarantee Fund | 16.56 | - |
| Interest Accrued but not due (other than SGM contribution deposits) | 1,552.36 | 763.03 |
| Interest Accrued but not due - Govt. Securities | 562.19 | 470.33 |
| Interest Accrued but not due (NFS SGM Contributions) | 16.31 | 103.38 |
| Interest Accrued but not due (IMPS SGM Contributions) | 67.32 | 168.69 |
| Interest Accrued but not due (BBPS SGM Contributions) | - | 1.83 |
| Interest Receivable on Income Tax Refund AY 2020-21 | 1,424.41 | - |
| Security deposit* | 173.16 | 54.88 |
| Term Deposit with Banks | | |
| Original maturity more than 12 month but current maturity less than 12 months with Banks (Not Callable) | 38,789.00 | 17,240.00 |
| Total | 42,780.20 | 18,941.13 |

*Security deposit represents and relates principally to leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc.

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-

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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-2022 | As at 31-Mar-2021 |
|---------------------------------------|----------------------|----------------------|
| Advance Income Tax - FY 2021-22 (Net) | 13.85 | - |
| Advance Income Tax - FY 2020-21 (Net) | 1,263.28 | 1,258.60 |
| Advance Income Tax - FY 2019-20 (Net) | 475.25 | 475.82 |
| 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 |
| Total | 3,859.74 | 3,841.78 |

2.15 Other Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------------|----------------------|----------------------|
| Prepaid Expenses | 3,270.16 | 1,080.31 |
| GST Input/Cenvat Credit | 9,714.65 | 5,028.16 |
| Advances to Vendors | 11,577.47 | 6,329.04 |
| Total | 24,562.28 | 12,437.51 |

This includes Prepaid insurance for RuPay Card amounting to ₹1,056.98 lakhs in current year (PY ₹223.88 lakhs). The RuPay card as a feature provides accidental coverage to certain 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, 2022 were as follows:

Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Receivable | 7,771.11 | 7,574.24 |
| Cash & Cash Equivalents | 15,689.08 | 26,253.51 |
| Bank balances other than Cash & Cash Equivalents | 2,11,755.86 | 1,63,172.64 |
| Investments | 66,841.97 | 61,724.94 |
| Other Financial Assets | 44,150.31 | 22,558.31 |
| Total Financial Assets | 3,46,208.33 | 2,81,283.64 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|------------------------------------|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Payables | 9,748.90 | 3,473.30 |
| Lease liabilities | 5,026.35 | 3,943.60 |
| Other Financial Liabilities | 1,09,541.13 | 78,078.09 |
| Total Financial Liabilities | 1,24,316.38 | 85,494.99 |

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-2022 | As at 31-Mar-2021 |
|--------------------------|----------------------|----------------------|
| Government Securities | 32,011.83 | 27,340.67 |
| Total | 32,011.83 | 27,340.67 |

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:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|------------------------------|----------------------|----------------------|
| Revenue from Top Customer | 17% | 20% |
| Revenue from Top 5 Customers | 44% | 43% |

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH) 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, 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Foreign Currency Risk Exposures

(Amount ₹ in Lakh)

| Particulars | As at | As at |
|------------------------------|-------------|-------------|
| | 31-Mar-2022 | 31-Mar-2021 |
| Financial Assets | | |
| Trade Receivables | 615.76 | 0.68 |
| Financial Liabilities | | |
| Trade Payables | 75.52 | 304.46 |

EQUITY AND LIABILITIES

2.16 Equity Share Capital

(Amount ₹ in Lakh)

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31-Mar-2022 | 31-Mar-2021 |
| 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 | | |
| 1,45,26,600 Equity Shares of ₹ 100 each (PY 1,45,26,600 Equity share of ₹ 100 each) | 14,526.60 | 14,526.60 |
| Subscribed and Paid up Capital | | |
| Opening Balance | | |
| 1,40,36,692 Equity Shares of ₹ 100 each fully paid up (PY 1,33,86,700 Equity share of ₹ 100 each) | 14,036.69 | 13,386.70 |
| Addition during the year | | |
| NIL Equity Shares of ₹ 100 each fully paid up (PY 6,49,992 Equity Shares of ₹ 100 each fully paid up) | – | 649.99 |
| Total | 14,036.69 | 14,036.69 |

Reconciliation of shares outstanding at the beginning and end of the year ended 31st March, 2022.

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | |
|---|-------------------|-----------|-------------------|-----------|
| | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 1,40,36,692 | 14,036.69 | 1,33,86,700 | 13,386.70 |
| Addition during the year | – | – | 6,49,992 | 649.99 |
| Shares outstanding at the end of the year | 1,40,36,692 | 14,036.69 | 1,40,36,692 | 14,036.69 |

Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a face value of INR 100 each.

In the period of five years immediately preceding 31st March, 2022:

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Details of Shareholders holding more than 5% share in the Company

| Name of Shareholders | Equity Shares | | | |
|----------------------|--------------------|--------------|--------------------|--------------|
| | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
| | No. of shares held | % of holding | No. of shares held | % of holding |
| State Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Union Bank of India | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Bank of Baroda | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Punjab National Bank | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Canara Bank | 11,42,000 | 8.14 | 11,42,000 | 8.14 |
| ICICI Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| HDFC Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| HSBC Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Citibank N.A | 10,00,000 | 7.12 | 10,00,000 | 7.12 |

Details of shareholding of promoters as at 31-Mar-2022

| Promoter's Name | Shares held by promoters at the end of the Year | | | | % Change during the Year |
|----------------------|---|--------------|--------------------|--------------|--------------------------|
| | As at 31-Mar-2022 | | As at 31-Mar-2021 | | |
| | No. of shares held | % of holding | No. of shares held | % of holding | |
| State Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Union Bank of India | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Punjab National Bank | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Canara Bank | 11,42,000 | 8.14% | 11,42,000 | 8.14% | - |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |

Details of shareholding of promoters as at 31-Mar-2021

| Promoter's Name | Shares held by promoters at the end of the Year | | | | % Change during the Year |
|----------------------|---|--------------|--------------------|--------------|--------------------------|
| | 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% | -0.35% |
| Union Bank of India | 12,84,000 | 9.15% | 10,00,000 | 7.47% | 1.68% |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.47% | -0.35% |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.59% | -0.44% |
| Punjab National Bank | 12,84,000 | 9.15% | 10,00,000 | 7.47% | 1.68% |
| Canara Bank | 11,42,000 | 8.14% | 10,00,000 | 7.47% | 0.67% |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.47% | -0.35% |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.47% | -0.35% |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.47% | -0.35% |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.47% | -0.35% |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Non-Current Liabilities

Financial Liabilities

2.18 Lease Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 4,106.05 | 2,650.14 |
| Total | 4,106.05 | 2,650.14 |

2.19 Other financial liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| SGM Contribution - NFS | 13,242.56 | 15,758.25 |
| SGM Contribution - IMPS | 37,719.97 | 43,764.15 |
| SGM Contribution - AEPS | 6,364.41 | - |
| SGM Contribution - NETC | 344.75 | - |
| SGM Contribution - UPI | 19,262.98 | - |
| SGM Contribution - RuPay | 5,711.04 | - |
| SGM Contribution - NACH | 2,526.22 | - |
| Deposit- Collateral AEPS/NETC/UIP | 439.61 | 1,548.61 |
| Deposit - Collateral RuPay International alliances | 8,045.58 | 8,045.58 |
| Total | 93,657.12 | 69,116.59 |

SGM Contribution – NFS ATM Switching

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NFS Balance at the Beginning | 15,758.25 | 13,686.58 |
| Add : Contribution Received during the Year | 5,948.84 | 1,796.75 |
| Less : Contribution Refunded during the Year | (8,752.10) | 0.00 |
| Subtotal (A) | 12,954.99 | 15,483.33 |
| Interest Received on SGM- NFS investments | 504.44 | 814.05 |
| Less: Expenses | (114.15) | (425.43) |
| Less: Salary Expense of SGM adjusted against income | (3.61) | (21.26) |
| Less: Income Tax | (99.10) | (92.47) |
| Subtotal (B) | 287.57 | 274.90 |
| SGM NFS Balance at the end (A+B) | 13,242.56 | 15,758.25 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022 is ₹ 13,242.56 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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

SGM Contribution – IMPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- IMPS Balance at the Beginning | 43,764.15 | 37,878.14 |
| Add : Contribution Received during the Year | 18,903.49 | 5,585.56 |
| Less : Contribution Refunded during the Year | (25,890.82) | (38.50) |
| Subtotal (A) | 36,776.82 | 43,425.20 |
| Interest Received on SGM- IMPS Investments | 1,717.88 | 1,798.19 |
| Less: Expenses | (435.88) | (1,323.98) |
| Less: Salary Expense of SGM adjusted against Income | (13.80) | (21.26) |
| Less: Income Tax | (325.04) | (114.01) |
| Subtotal (B) | 943.16 | 338.95 |
| SGM IMPS Balance at the end (A+B) | 37,719.97 | 43,764.15 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022 is ₹.37,719.97 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.

SGM Contribution – BBPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- BBPS Balance at the Beginning | - | 365.10 |
| Add : Contribution Received during the Year | - | 767.83 |
| Less : Contribution Refunded during the Year | - | - |
| Subtotal (A) | - | 1,132.93 |
| Interest Received on SGM- BBPS Investments | - | 46.19 |
| Less: Expenses | - | (18.80) |
| Less: Salary Expense of SGM adjusted against Income | - | (4.72) |
| Less: Income Tax | - | (5.71) |
| Subtotal (B) | - | 16.96 |
| Less : Considered under Non current asset held for sale(c) | - | 1,149.89 |
| SGM BBPS Balance at the end (A+B-C) | - | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022, is NIL. The SGM contribution is placed as earmarked Fixed Deposits.

SGM Contribution – AEPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- AEPS Balance at the Beginning | 453.00 | 441.00 |
| Add : Contribution Received during the Year | 6,372.25 | 30.00 |
| Less : Contribution Refunded during the Year | (401.16) | (18.00) |
| Subtotal (A) | 6,424.09 | 453.00 |
| Interest Received on SGM- AEPS Investments | 56.10 | - |
| Less: Expenses | (132.17) | - |
| Less: Salary Expense of SGM adjusted against Income | (4.18) | - |
| Less: Income Tax | 20.57 | - |
| Subtotal (B) | (59.68) | - |
| SGM AEPS Balance at the end (A+B) | 6,364.41 | 453.00 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for AEPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing AEPS 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, 2022 is ₹6,364.41 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.

SGM Contribution – NETC

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NETC Balance at the Beginning | 99.00 | 87.00 |
| Add : Contribution Received during the Year | 288.38 | 12.00 |
| Less : Contribution Refunded during the Year | (47.00) | - |
| Subtotal (A) | 340.38 | 99.00 |
| Interest Received on SGM- NETC Investments | 8.47 | - |
| Less: Expenses | (2.52) | - |
| Less: Salary Expense of SGM adjusted against Income | (0.08) | - |
| Less: Income Tax | (1.51) | - |
| Subtotal (B) | 4.36 | - |
| SGM NETC Balance at the end (A+B) | 344.75 | 99.00 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for NETC proposed by the Company. In line with the guidelines, the Company has collected from banks availing NETC 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, 2022 is ₹ 344.75 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.

SGM Contribution – UPI

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- UPI Balance at the Beginning | 500.00 | 500.00 |
| Add : Contribution Received during the Year | 19,384.45 | - |
| Less : Contribution Refunded during the Year | (378.06) | - |
| Subtotal (A) | 19,506.39 | 500.00 |
| Interest Received on SGM- UPI Investments | 214.29 | - |
| Less: Expenses | (524.97) | - |
| Less: Salary Expense of SGM adjusted against Income | (16.62) | - |
| Less: Income Tax | 83.89 | - |
| Subtotal (B) | (243.41) | - |
| SGM UPI Balance at the end (A+B) | 19,262.98 | 500.00 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for UPI proposed by the Company. In line with the guidelines, the Company has collected from banks availing UPI 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, 2022 is ₹.19,262.98 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

SGM Contribution – RuPay

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- RuPay Balance at the Beginning | - | - |
| Add : Contribution Received during the Year | 6,736.62 | - |
| Less : Contribution Refunded during the Year | (958.42) | - |
| Subtotal (A) | 5,778.20 | - |
| Interest Received on SGM- RuPay Investments | 61.75 | - |
| Less: Expenses | (147.40) | - |
| Less: Salary Expense of SGM adjusted against Income | (4.66) | - |
| Less: Income Tax | 23.15 | - |
| Subtotal (B) | (67.16) | - |
| SGM RuPay Balance at the end (A+B) | 5,711.04 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for RuPay proposed by the Company. In line with the guidelines, the Company has collected from banks availing RuPay 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, 2022 is ₹.5,711.04 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.

SGM Contribution – NACH

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NACH Balance at the Beginning | - | - |
| Add : Contribution Received during the Year | 2,574.77 | - |
| Less : Contribution Refunded during the Year | (10.00) | - |
| Subtotal (A) | 2,564.77 | - |
| Interest Received on SGM- NACH Investments | 10.48 | - |
| Less: Expenses | (60.40) | - |
| Less: Salary Expense of SGM adjusted against Income | (1.91) | - |
| Less: Income Tax | 13.28 | - |
| Subtotal (B) | (38.55) | - |
| SGM NACH Balance at the end (A+B) | 2,526.22 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for NACH proposed by the Company. In line with the guidelines, the Company has collected from banks availing NACH 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, 2022 is ₹.2,526.22 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.

2.20 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---------------------------------|----------------------|----------------------|
| Deferred Tax Liabilities | | |
| Property, Plant & Equipment | 1,823.12 | 2,241.22 |
| Right of use Assets | 1,136.47 | 916.54 |
| Deferred Tax Assets | | |
| Lease Liability | (1,265.58) | (992.56) |
| Gratuity - Provision | (72.28) | (82.87) |
| Leave encashment -Provision | (79.02) | (75.60) |
| Government Securities | (5.45) | (32.24) |
| Share Issue Expenses | (4.26) | (5.67) |
| Allowance for Credit Losses | - | (13.82) |
| Total | 1,533.00 | 1,955.00 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.21 Long Term Provisions

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------------------|----------------------|----------------------|
| Provision for Gratuity (net) | 173.01 | 270.48 |
| Provision for Leave encashment (net) | 250.82 | 291.16 |
| Total | 423.83 | 561.64 |

2.22 Other Non Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Service Charges (Network) received in advance | 814.37 | 468.08 |
| Total | 814.37 | 468.08 |

Current Liabilities

Financial Liabilities (Current)

2.23 Lease Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 920.30 | 1,293.46 |
| Total | 920.30 | 1,293.46 |

2.24 Trade Payables

Trade Payables as at 31-Mar-2022

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not Due | Total |
|---|---|-----------------|-------------|----------------------|-----------------|----------|---------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | | | |
| Micro and Small Enterprises | 22.26 | - | - | - | 22.26 | - | - | 22.26 |
| Other than Micro and Small Enterprises | 7,086.71 | 2,195.99 | - | - | 9,282.70 | - | 466.20 | 9,748.90 |
| Disputed dues- Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues- Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 7,108.97 | 2,195.99 | - | - | 9,304.96 | - | 466.20 | 9,771.16 |

Trade Payables as at 31-Mar-2021

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not Due | Total |
|---|---|-----------------|--------------|----------------------|-----------------|----------|----------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | | | |
| Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Other than Micro and Small Enterprises | 2,367.61 | 1,045.47 | 19.45 | 40.77 | 3,473.30 | - | - | 3,473.30 |
| Disputed dues- Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues- Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 2,367.61 | 1,045.47 | 19.45 | 40.77 | 3,473.30 | - | - | 3,473.30 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.25 Other Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|----------------------------------|----------------------|----------------------|
| Statutory Liabilities* | 6,688.05 | 4,294.67 |
| Payable for MORD | 5.01 | 2,423.92 |
| Security Deposit | 1.58 | 1.58 |
| Earnest Money Deposit | 189.16 | 230.38 |
| Sundry creditors - Capital asset | 5,155.66 | 1,815.62 |
| Other Payables | 3,723.30 | 1,831.47 |
| Earnest Money Deposit | 121.25 | 57.50 |
| Total | 15,884.01 | 10,655.14 |

*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-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Advance for Centralised Promotion of IMPS (Net)* | 0.40 | 7.90 |
| Advance from Customer | 518.68 | 2,993.45 |
| Service Charges (Network) received in advance | 203.30 | 23.22 |
| Total | 722.38 | 3,024.57 |

*The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount as at 31st March, 2022 is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Opening balance | 7.90 | 7.90 |
| Less : Expenses towards Centralised Promotion of IMPS | (7.50) | - |
| Closing Balance | 0.40 | 7.90 |

2.27 Provisions

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|------------------------|----------------------|----------------------|
| Provision for Expenses | 22,218.89 | 26,625.88 |
| Total | 22,218.89 | 26,625.88 |

The movement in the provision for expenses is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---------------------------------------|----------------------|----------------------|
| Balance at the Beginning of the Year | 27,187.52 | 23,996.91 |
| Provision during the Year | 19,834.62 | 22,122.98 |
| Less : Provision Utilised/Reversed | (24,379.42) | (18,932.37) |
| Balance at the end of the Year | 22,642.72 | 27,187.52 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.28 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------------------|----------------------|----------------------|
| Provision for Tax - FY 2018-19 (Net) | 16,033.75 | 16,033.75 |
| Provision for Tax - FY 2017-18 (Net) | 12,350.68 | 12,350.68 |
| Provision for Tax - FY 2016-17 (Net) | 16.88 | 16.88 |
| Provision for Tax - FY 2011-12 (Net) | - | 795.41 |
| Provision for Tax - FY 2009-10 (Net) | - | 522.03 |
| Provision for Tax - FY 2010-11 (Net) | 565.91 | 565.91 |
| Total | 28,967.22 | 30,284.66 |

Income Taxes

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

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|----------------------------|---------------------------|---------------------------|
| Current Taxes | 26,700.00 | 15,700.00 |
| Deferred Taxes | (416.31) | (29.88) |
| Income Tax Expenses | 26,283.69 | 15,670.12 |

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2022:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Surplus before tax (including exceptional Items) | 1,01,760.43 | 57,960.96 |
| Applicable Tax Rate | 25.17 | 25.17 |
| Computed Expected Tax Expense | 25,611.06 | 14,587.62 |
| Items of Income not to offer for Tax | (12.08) | (14.81) |
| Interest Income on Security Deposits(FV) | (8.26) | (11.47) |
| Increase in Interest on G Sec-EIR | (3.82) | (3.34) |
| Items of Expense not deductible for Tax purposes: | 384.46 | 755.77 |
| Provision for Straight Lining of Leases reversed | 104.98 | 72.14 |
| Rental Expenses (Security Deposits) | 21.98 | 11.61 |
| CSR Expenses | 257.50 | 500.88 |
| Other Disallowance - Gratuity and Leave Encashment Provisions and others | - | 171.14 |
| Items of Expense deductible for Tax purposes: | 716.10 | 371.09 |
| Excess Depreciation as per Income Tax | 794.52 | 372.51 |
| 1/5th Amortisation of Share Issue Expenses | (1.42) | (1.42) |
| Other | (77.00) | - |
| Total | 26,699.55 | 15,699.67 |
| Tax Expense Recognised during the Year | 26,699.55 | 15,699.67 |
| Rounded off | 26,700.00 | 15,700.00 |

The applicable Indian Statutory tax rate for financial year 2021-22 is 25.17%.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.29 Revenue from Operations:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|------------------------------|---------------------------|---------------------------|
| Income from Payment services | 1,52,012.44 | 1,07,037.36 |
| Certification income | 1,011.00 | 947.46 |
| Network income | 1,754.65 | 3,044.37 |
| Other operating income* | 3,493.76 | 1,110.76 |
| Grants and Donations | - | - |
| Total | 1,58,271.85 | 1,12,139.95 |

*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-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Interest Income on deposits | 9,177.93 | 6,757.24 |
| Interest Income on Govt Securities & Bonds | 2,496.95 | 1,594.90 |
| Gain on Redemption of Investments | - | 6.73 |
| Income from T Bills | 434.93 | 856.22 |
| Interest Income on earmarked fund (NFS) SGM | 504.44 | 812.62 |
| Interest Income on earmarked fund (IMPS) SGM | 1,717.88 | 1,749.56 |
| Interest Income on earmarked fund (AEPS) SGM | 56.10 | - |
| Interest Income on earmarked fund (NACH) SGM | 10.48 | - |
| Interest Income on earmarked fund (NETC) SGM | 8.47 | - |
| Interest Income on earmarked fund (RuPay) SGM | 61.75 | - |
| Interest Income on earmarked fund (UPI) SGM | 214.29 | - |
| Interest Income on earmarked fund (BBPS) SGM | - | 46.10 |
| Interest on Income Tax Refund | 1,424.41 | 1,819.97 |
| Reversal of Provision for Expenses | 6,378.38 | 487.64 |
| Liquidated damages | 2.14 | 39.35 |
| Other Miscellaneous Income | 229.07 | 143.34 |
| Total | 22,717.22 | 14,313.67 |

*There was no transaction relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income tax act, 1961

2.31 Operating Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---------------------------------|---------------------------|---------------------------|
| Annual Maintenance Charges - IT | 5,995.11 | 5,211.79 |
| Network Expenses | 3,157.89 | 2,093.93 |
| Testing & Certification Charges | 546.11 | 645.70 |
| Data Centre Rentals | 167.23 | 431.43 |
| Data Centre Power & Fuel | 785.93 | 814.34 |
| Total | 10,652.27 | 9,197.18 |

2.32 Employee Benefit Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|-----------------------------------|---------------------------|---------------------------|
| Salary & Allowances | 14,725.89 | 14,023.00 |
| Contribution to Employee Benefits | 778.59 | 760.06 |
| Staff Welfare | 913.49 | 401.71 |
| Outsourcing Cost | 1,024.52 | 1,273.05 |
| Total | 17,442.49 | 16,457.82 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 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-2022 | As at 31-Mar-2021 |
| Present Value of Obligation | (1,064.39) | (1,064.15) |
| Fair Value of Plan Assets | 777.32 | 734.89 |
| Funded Status - (Surplus) /Deficit | (287.07) | (329.26) |
| Net Asset /(Liability) recognised in the Balance Sheet | (287.07) | (329.26) |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Current Service Cost | 234.38 | 190.62 |
| Interest Cost | 61.42 | 47.41 |
| Expected Return on Plan Asset | (45.20) | (38.70) |
| Total Expense / (Income) charged to Income and Expenditure Account | 250.60 | 199.33 |

| (Amount ₹ in Lakh) | | |
|---|----------------------|----------------------|
| Reconciliation of amounts in Balance Sheet | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Opening Net Defined Benefit Liability /(Asset) | 329.26 | 178.70 |
| Total Expense / (Income) recognised in Income and Expenditure | 250.60 | 199.33 |
| Actual Employer Contribution | (219.47) | (193.48) |
| Total Re-measurements recognised in Other Comprehensive Income/(Loss) | (73.32) | 144.70 |
| Liability / (Asset) recognised in the Balance sheet | 287.07 | 329.25 |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Change in Present Value of Obligation during the year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Present Value of Obligation at the beginning of the Year | 1,064.15 | 783.37 |
| Current Service Cost | 234.38 | 190.62 |
| Interest Cost | 61.42 | 47.41 |
| Actuarial (Gain)/Loss on Obligation | (76.41) | 151.72 |
| Benefits Paid | (219.15) | (108.97) |
| Present Value of Obligation at the end of the year | 1,064.39 | 1064.15 |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Change in Fair Value of Plan Assets during the year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Fair Value of Plan Assets at the Beginning of the year | 734.89 | 604.67 |
| Expected Return on Plan Assets | 45.20 | 38.70 |
| Contributions Made | 219.47 | 197.03 |
| Benefits Paid | (219.15) | (108.97) |
| Actuarial Gain/(Loss) on Plan Assets | (3.08) | 3.47 |
| Fair value of Plan Assets at the end of the year | 777.33 | 734.90 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Amount recognised in other comprehensive income | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Opening amount recognised in OCI | 324.39 | 176.14 |
| Re-measurements due to : | | |
| Effect of Change in Financial Assumption | (22.18) | 100.15 |
| Effect of Change in Demographic Assumption | - | 1.65 |
| Effect of Experience Adjustments | (54.23) | 49.92 |
| Actuarial (Gain)/Losses | (76.41) | 151.72 |
| Return on Plan Assets (excluding Interest) | 3.08 | (3.47) |
| Total Re-measurements recognised in OCI | (73.33) | 148.25 |
| Amount recognised in OCI at the end of the year | 251.06 | 324.39 |
| Actuarial assumptions | | |
| Discount Rate | 6.55% | 6.15% |
| Expected Rate of Return on Assets | 6.55% | 6.15% |
| Employee Attrition Rate | 15.00% | 15.00% |
| Future Salary Increases considering Inflation, Seniority, Promotion | 8.00% | 8.00% |

History of Defined Benefit Obligation (DBO), Asset values, Surplus / Deficit, Experience Gain / Losses

(Amount ₹ in Lakh)

| Particulars | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 1,064.39 | 1,064.15 | 783.37 | 579.86 | 402.41 |
| Plan Assets | 777.32 | 734.89 | 604.67 | 443.97 | 316.34 |
| (Surplus)/Deficit | 287.07 | 329.26 | 178.70 | 135.89 | 86.07 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (3.08) | 3.47 | 0.32 | (0.95) | (9.47) |
| Assumptions (Gain) / Loss | (22.18) | 101.79 | 37.87 | 8.53 | (12.71) |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (54.23) | 49.92 | 31.79 | 56.17 | 7.19 |
| Total Actuarial (Gain)/Loss | (76.41) | 151.72 | 69.66 | 64.69 | (5.52) |

Sensitivity Analysis

| Particulars | Increase / Decrease | Change in assumption | Change in Plan obligation |
|--------------------------------|------------------------|-------------------------|------------------------------|
| | | FY 2021-22 | |
| Discount rate (per annum) | Increase | 0.40% | (2.49%) |
| | Decrease | 0.40% | 2.62% |
| Salary Growth rate (per annum) | Increase | 0.40% | 1.67% |
| | Decrease | 0.40% | (1.72%) |

(Amount ₹ in Lakh)

| Expected Cash Flow | 31-Mar-22 | 31-Mar-21 |
|--------------------|-----------|-----------|
| Year 1 | 156.94 | 130.85 |
| Year 2 | 148.18 | 138.56 |
| Year 3 | 141.25 | 144.44 |
| Year 4 | 136.52 | 130.15 |
| Year 5 | 125.99 | 129.11 |
| Year 6 to 10 | 452.05 | 447.25 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Leave Encashment Plan

(Amount ₹ in Lakh)

| Net Asset / (Liability) recognised in the Balance Sheet | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|------------------------------|------------------------------|
| Present Value of Obligation | (682.97) | (780.23) |
| Fair Value of Plan Assets | 369.15 | 480.14 |
| Net Funded Obligation | (313.82) | (300.09) |
| Net Asset / (Liability) recognised in the Balance Sheet | (313.82) | (300.09) |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|-----------------------------------|-----------------------------------|
| Current Service Cost | 199.13 | 184.69 |
| Interest Cost | 42.99 | 36.40 |
| Net Actuarial (Gain)/Loss recognised during the Year | (182.30) | 8.08 |
| Expected Return on Plan Asset | (29.53) | (12.98) |
| Total Expense/(Income) charged to Income and Expenditure Account | 30.29 | 216.19 |

(Amount ₹ in Lakh)

| Reconciliation of Net Defined Benefit Liability / (Asset) | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|------------------------------|------------------------------|
| Opening Net Defined Benefit Liability/(Asset) | 300.09 | 449.40 |
| Total Expense / (Income) recognised in Income and Expenditure Account | 30.29 | 216.19 |
| Actual Employer Contribution | (16.55) | (365.51) |
| Liability/(Asset) recognised in the Balance Sheet | 313.83 | 300.08 |

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the Year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|-----------------------------------|-----------------------------------|
| Present Value of Obligation at the beginning of the Year | 780.23 | 652.17 |
| Current Service Cost | 199.13 | 184.69 |
| Interest Cost | 42.99 | 36.40 |
| Actuarial (Gain)/Loss on Obligation | (176.83) | 73.78 |
| Benefits Paid | (162.54) | (166.81) |
| Present Value of Obligation at the end of the Year | 682.98 | 780.23 |

(Amount ₹ in Lakh)

| Change in Assets during the Year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|-----------------------------------|-----------------------------------|
| Fair Value of Plan Assets at the beginning of the Year | 480.14 | 202.77 |
| Expected Return on Plan Assets | 29.53 | 12.98 |
| Contributions Made | 16.55 | 365.51 |
| Benefits Paid | (162.54) | (166.81) |
| Actuarial Gain/(Loss) on Plan Assets | 5.47 | 65.70 |
| Fair Value of Plan Assets at the end of the Year | 369.15 | 480.15 |
| Actuarial Assumptions | | |
| Discount Rate | 6.55% | 6.15% |
| Expected Rate of Return on Assets | 6.55% | 6.15% |
| Employee Attrition Rate | 15.00% | 15.00% |
| Future Salary Increases considering Inflation, Seniority Promotion | 8.00% | 8.00% |
| Retirement Age | 60 years | 60 Years |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

History of Defined Benefit Obligation (DBO), Asset values, Surplus / Deficit, Experience Gain / Losses

(Amount ₹ in Lakh)

| Particulars | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 682.97 | 780.23 | 652.17 | 577.07 | 247.79 |
| Plan Assets | 369.15 | 480.14 | 202.77 | 69.27 | 205.93 |
| (Surplus)/Deficit | 313.82 | 300.09 | 449.40 | 507.80 | 41.86 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | 5.47 | 65.70 | 13.37 | (2.16) | 2.59 |
| Assumptions (Gain) / Loss | (15.09) | 89.72 | 30.88 | 7.97 | (7.08) |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (161.74) | (15.94) | 60.09 | 368.73 | 0.67 |
| Total Actuarial (Gain)/Loss | (176.83) | 73.78 | 90.97 | 376.70 | (6.41) |

Sensitivity Analysis

| Particulars | Increase / Decrease | Change in assumption | Change in Plan obligation |
|--------------------------------|---------------------|----------------------|---------------------------|
| | | FY 2021-22 | |
| Discount rate (per annum) | Increase | 0.40% | (2.50%) |
| | Decrease | 0.40% | 3.07% |
| Salary Growth rate (per annum) | Increase | 0.40% | 2.58% |
| | Decrease | 0.40% | (2.48%) |

(Amount ₹ in Lakh)

| Expected Cash Flow | 31-Mar-22 | 31-Mar-21 |
|--------------------|-----------|-----------|
| Year 1 | 115.28 | 118.20 |
| Year 2 | 97.22 | 102.55 |
| Year 3 | 88.51 | 96.88 |
| Year 4 | 81.90 | 86.45 |
| Year 5 | 71.47 | 85.89 |
| Year 6 to 10 | 275.77 | 304.16 |

2.33 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|------------------------|------------------------|
| Rent Rates & Taxes | 467.29 | 262.18 |
| Travelling & Conveyance Expenses | 529.38 | 486.60 |
| Computer Consumables | 65.61 | 23.03 |
| Housekeeping | 137.62 | 125.86 |
| Travel Expenses - Overseas | 1.01 | 7.93 |
| Electricity | 189.77 | 136.22 |
| Meeting Expenses | 51.92 | 19.75 |
| Telephone & Communication Expenses | 108.88 | 142.31 |
| Security Charges | 111.85 | 83.88 |
| Office Maintenance | 197.94 | 186.97 |
| Sitting Fees to Directors | 72.00 | 55.65 |
| Travel Expenses - Directors | 2.00 | - |
| Boarding & Internet Expenses - Directors | 0.93 | 8.66 |
| Insurance- Cyber, Asset & Others | 442.43 | 357.30 |
| Repair & Maintenance Charges | 82.33 | 36.86 |
| Printing & Stationery | 39.94 | 15.54 |
| Hire & Rental Equipment | 37.07 | 137.79 |
| Internal Audit Fees | 42.98 | 57.03 |
| Postage & courier | 24.60 | 7.28 |
| Staff Relocation Expenses | 40.90 | 12.99 |
| Bank Charges | 3.31 | 4.47 |
| Employer - Profession Tax | 0.08 | 0.08 |
| Total | 2,649.84 | 2,168.36 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.34 Depreciation and Amortisation expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|-------------------------------------|---------------------------|---------------------------|
| Depreciation on tangible assets | 6,649.84 | 6,114.76 |
| Amortisation on intangible assets | 6,361.98 | 6,208.12 |
| Depreciation on Right to use assets | 1,542.95 | 1,712.35 |
| Total | 14,554.77 | 14,035.23 |

2.35 Other expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Professional Fees | 2,449.54 | 1,956.84 |
| Legal fees | 47.54 | 101.21 |
| Insurance - RuPay* | 350.62 | 1,778.89 |
| Marketing Expenses | 9,536.63 | 6,682.08 |
| UPI Media Campaign expenses | 1,905.84 | 650.00 |
| Contribution to Payment Infrastructure Development Fund-RBI | 2,158.59 | 3,550.00 |
| Advertisement / Promotion Expenses | 9,123.37 | - |
| Rupay Credit card Incentive | 6,675.00 | 4,657.00 |
| Paper to Follow - CTS Charges | 250.74 | 369.70 |
| Training and Seminar | 614.76 | 686.32 |
| Software & IT Expenses | 512.04 | 332.69 |
| Membership Fees/Subscription | 244.16 | 274.47 |
| Processing fees - Line of Credit / SGM Expenses | 1,417.49 | 1,777.61 |
| Recruitment Expenses | 188.69 | 177.88 |
| Foreign Exchange (gain)/loss | 12.39 | 12.98 |
| CSR Expenses*** | 947.45 | 1,990.14 |
| Escrow Agency fees | 33.83 | - |
| Asset written off | 0.41 | 50.05 |
| Other Write off | 5.96 | 5.28 |
| Auditor's Remuneration** | 8.11 | 8.00 |
| Tax Audit fees | 1.50 | 1.40 |
| Interest Charge (IND AS Lease) | 417.10 | 286.62 |
| Allowance for Credit Losses | (54.91) | 54.91 |
| Licence Fees | 120.00 | - |
| Interest on MSME | 3.10 | - |
| Miscellaneous Expenses | 158.95 | 207.03 |
| Total | 37,128.90 | 25,611.10 |

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

** Auditor's Remuneration

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|-------------------------------|---------------------------|---------------------------|
| Statutory Audit Fees | 5.86 | 5.75 |
| Audit Fees for Limited Review | 2.25 | 2.25 |
| Total | 8.11 | 8.00 |

*** 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(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 | 947.45 | 103.55 | 1,051.00 |

(Amount ₹ in Lakh)

| Amount Spent during the Year : | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|--|--|
| i) Amount required to be spent by the company during the year | 1,051.00 | 899.00 |
| ii) Amount of expenditure incurred | 947.45 | 1,990.14 |
| iii) Shortfall at the end of the year | 103.55 | - |
| iv) Total of previous years shortfall/ (excess) | - | (1,091.14) |
| v) Reason for shortfall | * | NA |
| vi) Nature of CSR activities | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance |
| vii) Details of Related Party Transaction | NA | NA |
| viii) Details related to Movement of Provision | 103.55 | - |

*1. The total allocated budget was assigned to projects for the FY 2021-22 but some projects slowed down due to following reasons:

- The schools were closed for extended period due to Covid scare that slowed down the progress of projects
- permissions from district education department did not come through due to which, those activities had to be moved to next Financial year

2. The unspent amount has been transferred to Unspent CSR account as per the MCA FAQ guidelines.

2.36 Earnings per Share

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|------------------------|------------------------|
| For Continuing operations | | |
| Net Surplus as per statement of Income and Expenditure | 76,906.85 | 43,313.81 |
| Weighted Average Number of Equity Shares | 140.37 | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | 547.90 | 318.02 |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | 547.90 | 318.02 |
| For Discontinued operations | | |
| Net Surplus as per statement of Income and Expenditure | - | (1,022.97) |
| Weighted Average Number of Equity Shares | - | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | - | (7.51) |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | - | (7.51) |
| For Continuing & Discontinued operations | | |
| Net Surplus as per statement of Income and Expenditure | 76,906.85 | 42,290.84 |
| Weighted Average Number of Equity Shares | 140.37 | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | 547.90 | 310.51 |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | 547.90 | 310.51 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

NPCI was granted approval from RBI vide letter DPSS.CO.AD.No .S21/02.14.004/2019-20 dated 24th March 2021 for granting approval for transferring the license granted to NPCI along with all rights and obligations attached thereto with respect to BBPCU to NPCI Bharat BillPay Limited (NBBL). The same was proposed to be with effect from 1st April 2021 by NPCI. Subsequently, the Business Transfer Agreement (BTA) was executed on 7th May, 2021 between National Payments Corporation of India (NPCI) and NPCI Bharat BillPay Limited (NBBL). The assets transferred amongst other things included Information Technology assets, Intellectual Properties related to Bharat Bill Payment Service(BBPS), etc. On account of the transfer of the BBPCU unit the company has earned gain of ₹ 3,312.30 Lakh reported as exceptional items in Income & Expenditure account.

As per the Business Transfer Agreement, the total asset taken over was of ₹ 3,783.00 lakh and the liability taken over is of ₹ 363.00 Lakh. The same was arrived as per the valuation report dated 6th May, 2021 done by experts appointed for this purpose. Accordingly, a consideration of ₹ 3,420.00 Lakh was remitted from NBBL to NPCI on 7th May, 2021. The operations of BBPCU are now being handled by NPCI Bharat BillPay Limited.

The value of assets exchanged has been settled in cash between the two entities as per the approved scheme of arrangements.

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 in the previous Year.

The Results of BBPCU are presented below:

| Particulars | (Amount ₹ in Lakh) | |
|---|---------------------------|---------------------------|
| | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
| Income | | |
| Revenue from Operations | - | 1,360.23 |
| Other Income | - | 64.59 |
| Total Income | - | 1,424.82 |
| Expenses | | |
| Operating Expenses | - | 197.95 |
| Employee Benefits Expenses | - | 1,114.48 |
| Administrative and Establishment Expenses | - | 31.25 |
| Depreciation and Amortisation Expenses | - | 485.31 |
| Other Expenses | - | 618.79 |
| Total Expenses | - | 2,447.79 |
| Surplus Before Tax | - | (1,022.97) |
| Tax Expense | | |
| Current Tax | - | - |
| Deferred Tax | - | - |
| Total Tax Expenses | - | - |
| Surplus After Tax | - | (1,022.97) |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

The major class of assets and liabilities as held for sale as at 31st March 2022 are as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | 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 (Non-Executive & Independent Director) | 08-Feb-18 | - |
| Mr. Deepak Kumar | Nominee Director from Reserve Bank of India | 02-May-19 | - |
| Dr. Santanu Paul | Independent Director | 09-Nov-16 | 08-Nov-21 |
| Dr. Amitha Sehgal | Independent Director | 26-Dec-18 | - |
| Mr. Venkatraman Srinivasan | Independent Director | 15-Jul-20 | - |
| Prof. G. Sivakumar | Independent Director | 21-Jun-16 | 20-Jun-21 |
| Prof. Umesh Bellur | Independent Director | 21-Jun-21 | - |
| Prof. Rishikesha T. Krishnan | Independent Director | 09-Nov-21 | - |
| Mr. Ravindra Pandey | Nominee Director from State Bank of India | 29-Jun-20 | 12-Aug-21 |
| Mr. Rana Ashutosh Kumar Singh | Nominee Director from State Bank of India | 12-Aug-21 | - |
| 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. Sunil Soni | Nominee Director from Punjab National Bank | 24-Jun-19 | 12-Jan-22 |
| Mr. Hemant Verma | Nominee Director from Punjab National Bank | 17-Jan-22 | - |
| Mr. Ajay Kumar Kapoor | Nominee Director from HDFC Bank Limited | 20-Mar-18 | - |
| Mr. Pankaj Gadgil | Nominee Director from ICICI Bank Limited | 08-Aug-19 | - |
| Ms. Mridula Iyer | Nominee Director from Citibank. N.A. | 05-Nov-20 | - |
| Mr. Rajiv Anand | Nominee Director from Axis Bank Limited | 09-Nov-16 | 08-Nov-21 |
| Mr. Sumit Bali | Nominee Director from Axis Bank Limited | 15-Dec-21 | - |
| Mr. Jayaprakash C. | Nominee Director from Kerala Gramin Bank | 17-Feb-21 | - |
| Mr. Imran Amin Siddiqui | Nominee Director from Indian Bank | 27-Apr-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 H Acharya | Chief Financial Officer | 19-Mar-20 | - |
| Ms. Priyanka Agrawal | Company Secretary | 14-May-18 | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Name of Related Parties | Nature of Relationship |
|-------------------------------------|------------------------|
| NPCI International Payments Limited | Subsidiary Company |
| NPCI Bharat BillPay Limited | Subsidiary Company |

| Name of Related Parties | Nature of Relationship |
|--|-----------------------------|
| Axis Bank Limited (Ceased to be related party as on 08-Nov-2021) | Entity with common director |
| Indian Financial Technology and Allied Services (Ceased to be related party as on 13-Feb-2022) | Entity with common director |
| Union Bank of India | Entity with common director |
| Central Depository Service (India) Limited (Related party from 21-Jun-2021) | Entity with common director |
| ICICI Merchant Services Private Limited (Related party from 09-Dec-2021) | Entity with common director |
| Indian Bank (Related party from 27-Apr-2021) | Entity with common director |
| Ujjivan Small Finance Bank Limited (Related party from 21-Jun-2021 to 27-Sep-2021) | Entity with common director |
| C-Edge Technologies Limited (Ceased to be related party as on 12-Aug-2021) | Entity with common director |
| India Infoline Finance Limited (Related party from 15-Dec-2021) | Entity with common director |
| Kerala Gramin Bank | Entity with common director |
| Bank of Baroda | Entity with common director |
| National Securities Depository Limited (Ceased to be related party as on 20-Jun-2021) | Entity with common director |
| NSDL Payments Bank Limited (Ceased to be related party as on 08-Nov-2021) | Entity with common director |
| Yes Bank Limited (Ceased to be related party as on 12-Aug-2021) | 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, 2022 are as below:

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|---|-----------------------|---------------------------|---------------------------|
| Andhra Bank | Receiving of services | - | 124.49 |
| | Rendering of services | - | 29.23 |
| Indian Overseas Bank | Receiving of services | - | 834.46 |
| | Rendering of services | - | 2,315.72 |
| National Securities Depository Limited | Receiving of services | 0.75 | 0.11 |
| Indian Financial Technology and Allied Services | Receiving of services | - | 8.29 |
| | Rendering of services | - | 23.84 |
| Indian Institute of Banking and Finance | Receiving of services | - | 0.55 |
| ICICI Merchant Services Private Limited | Receiving of services | 84.75 | - |
| Indian Bank | Receiving of services | 329.68 | - |
| NSDL Payments Bank Limited | Receiving of services | 196.72 | 0.24 |
| | Rendering of services | 287.74 | 123.71 |
| Yes Bank Limited | Receiving of services | 100.18 | 102.26 |
| | Rendering of services | 1,823.38 | 20.20 |
| Union Bank of India | Receiving of services | 666.26 | 1,098.90 |
| | Rendering of services | 7,833.28 | 3,744.07 |
| Kerala Gramin Bank | Receiving of services | - | 1.96 |
| | Rendering of services | 156.38 | 61.84 |
| Central Depository Service (India) Limited | Receiving of services | 0.75 | - |
| C-Edge Technologies Limited | Rendering of services | 13.05 | - |
| India Infoline Finance Limited | Rendering of services | 1.12 | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|------------------------------------|---|---------------------------|---------------------------|
| Ujjivan Small Finance Bank Limited | Rendering of services | 50.11 | 162.19 |
| Axis Bank Limited | Receiving of services | 125.22 | 1,519.28 |
| | Rendering of services | 511.95 | 9,569.81 |
| | SGF Deposit Received | 1,002.00 | - |
| | SGF Deposit Paid | 1,007.00 | - |
| | Purchase of Investment | 34,650.00 | 36,414.00 |
| | Redemption of Investment | 20,256.00 | 19,910.00 |
| | Interest Earned | 1,200.29 | 1,572.70 |
| Union Bank of India | SGF Deposit Received | 1,458.47 | - |
| | Purchase of Investment | 33,985.00 | 4,859.00 |
| | Redemption of Investment | 32,370.00 | - |
| | Interest Earned | 1,440.68 | 10.15 |
| Indian Bank | Rendering of services | 4,910.86 | - |
| | SGF Deposit Received | 1,115.87 | - |
| | SGF Deposit Paid | 84.00 | - |
| | Purchase of Investment | 30,368.00 | - |
| | Redemption of Investment | 27,041.00 | - |
| | Interest Earned | 1,151.66 | - |
| Ujjivan Small Finance Bank Limited | SGF Deposit Received | 17.00 | - |
| | SGF Deposit Paid | 17.00 | - |
| Bank of Baroda | Rendering of services | 7,753.19 | 1,092.66 |
| | Receiving of services | 347.29 | 862.17 |
| | Purchase of Investment | 32,493.00 | 1,194.00 |
| | Redemption of Investment | 11,534.00 | - |
| | Interest Earned | 710.56 | 1.83 |
| | SGF Deposit Received | 1,400.67 | 306.00 |
| Kerala Gramin Bank | SGF Deposit Received | 23.55 | 8.00 |
| NPCI Bharat BillPay Limited | Income | | |
| | Reimbursement of Stamp Duty & Director's sitting Fees | - | 97.98 |
| | Reimbursement of Staff Welfare expenses | 5.20 | - |
| | Reimbursement of expenses | 12.23 | - |
| | Shared Services cost | 145.20 | - |
| | Reimbursement of Processing Fees for LOC SGM BBPS | 3.10 | - |
| | Reimbursement of AMC Hardware & Software | 209.14 | - |
| | Expense | | |
| | Reimbursement of Consumer Awareness Program Campaign fees | 50.00 | - |
| | Reimbursement of Transfer of interest of SGM BBPS - FD | 10.19 | - |
| | Reimbursement of Appropriation To Sgm Contribution BBPS | 15.17 | - |
| | Liability | | |
| | Business purchase | 3,420.00 | - |
| | CWIP Tangible Asset | 27.79 | - |
| | Debtors of BBPS | 6.48 | - |
| | Asset | | |
| | SGM-BBPS Member Bank Contribution | 1,127.83 | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|-------------------------------------|---|---------------------------|---------------------------|
| NPCI International Payments Limited | Income | | |
| | Reimbursement of Staff Welfare expenses | 5.29 | 1.31 |
| | Shared Services cost | 79.40 | 30.14 |
| | Royalty Expenses | 11.70 | - |
| | Reimbursement of Legal Consultancy Fees | - | 2.69 |
| | Reimbursement of Stamp Duty Payment | - | 95.93 |
| | Gratuity & Leave encashment recovery | - | 35.01 |
| | Reimbursement of Salary & conveyance | - | 47.61 |
| | Expense | | |
| | Service Fees | 1,170.10 | - |
| | Others | 0.94 | - |
| Total | | 2,64,818.14 | 86,282.33 |

Details of Amounts Due to or Due from Related Parties as at 31st March, 2022

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------------------------|--------------------|----------------------|----------------------|
| NSDL Payments Bank Limited | Deposit | - | 75.00 |
| | Trade Payable | - | 0.09 |
| Axis Bank Limited | Deposit | - | 4,297.91 |
| | Trade Payable | - | 18.37 |
| Indian Overseas Bank | Deposit | - | 172.61 |
| | Trade Payable | - | 1.90 |
| Yes Bank Limited | Deposit | - | 6,851.87 |
| | Trade Payable | - | 0.01 |
| Indian Bank | Deposit | 1,374.99 | - |
| | Trade Payable | 34.48 | - |
| Union Bank of India | Deposit | 2,393.74 | 49.51 |
| | Trade Payable | 78.75 | 55.38 |
| Kerala Gramin Bank | Deposit | 28.55 | 10.00 |
| | Trade Payable | - | 0.01 |
| Bank of Baroda | Deposit | 2,459.63 | 890.81 |
| | Trade Payable | 120.90 | 92.51 |
| India Infoline Finance Limited | Deposit | 2.00 | - |
| NPCI Bharat BillPay Limited | Trade Payable | 54.00 | - |
| NPCI International Payments Limited | Trade Payable | 412.20 | - |
| Total | | 6,959.25 | 12,515.98 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|---|--------------------|---------------------------|---------------------------|
| Axis Bank Limited | Trade receivable | - | 16.44 |
| Indian Financial Technology and Allied Services | Trade receivable | - | 23.84 |
| Indian Overseas Bank | Trade receivable | - | 12.62 |
| India Infoline Finance Limited | Trade receivable | 1.32 | - |
| NPCI International Payments Limited | Trade receivable | 22.09 | 44.73 |
| Kerala Gramin Bank | Trade receivable | 2.70 | 0.04 |
| Yes Bank Limited | Trade receivable | - | 0.65 |
| National Securities Depository Limited | Trade receivable | - | 0.09 |
| NPCI Bharat BillPay Limited | Trade receivable | 37.52 | 97.78 |
| NSDL Payments Bank Limited | Trade receivable | - | 0.16 |
| Union Bank of India | Investment | 22,518.00 | 17,918.00 |
| | Accrued Interest | 205.00 | 122.40 |
| | Trade receivable | 127.37 | 61.02 |
| Indian Bank | Investment | 28,924.00 | - |
| | Accrued Interest | 195.67 | - |
| | Trade receivable | 90.60 | - |
| Bank of Baroda | Investment | 28,687.00 | 6,534.00 |
| | Accrued Interest | 169.63 | 14.58 |
| | Trade receivable | 206.95 | 6.96 |
| Total | | 81,187.85 | 24,853.31 |

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

| Particular | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|-----------------|---------------------------|---------------------------|
| Sitting Fees | 72.00 | 55.65 |
| Honorarium Fees | 1.75 | 43.90 |
| Total | 73.75 | 99.55 |

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

| Particular | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|------------------------------|---------------------------|---------------------------|
| Short Term Employee Benefits | 351.80 | 309.38 |
| Post-Employment Benefits* | - | - |
| Other Long Term Benefits | - | 3.83 |
| Total | 351.80 | 313.21 |

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 as under:

- i. Interest on Lease Liability of ₹ 417.10 lakh.
- ii. Amortization of Lease Liability of ₹ 1,542.95 lakh.
- iii. The total outstanding cash outflow for lease as per the agreement is ₹ 6,133.78 lakh.
- iv. The carrying amount of Right of use asset as on 31st March, 2022 is ₹ 4,513.58 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:

| Particular | As at 1-Apr-2021 | Addition | Deletion / Amortization | (Amount ₹ in Lakh) |
|--------------------|---------------------|----------|----------------------------|----------------------|
| | | | | As at 31-Mar-2022 |
| Right of use Asset | 6,834.37 | 2,421.74 | 4,742.53 | 4,513.58 |

| Particulars | As at 1-Apr-2020 | Addition | Deletion / Amortization | (Amount ₹ in Lakh) |
|--------------------|---------------------|----------|----------------------------|----------------------|
| | | | | As at 31-Mar-2021 |
| Right of use Asset | 4,283.00 | 2,551.37 | 3,192.82 | 3,641.55 |

- ii) Reconciliation between the total minimum lease payment as on 31st March, 2022 and their present value is as below:

| Particulars | (Amount ₹ in Lakh) | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| | As at 31-Mar-2022 | |
| Lease Liability as at balance sheet date | 5,026.35 | 3,943.60 |
| Add: Interest | 1,107.43 | 950.07 |
| Minimum Lease Payment | 6,133.78 | 4,893.67 |

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

| Particulars | (Amount ₹ in Lakh) | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| | As at 31-Mar-2022 | |
| Not Later than 1 year | 1,250.08 | 1,549.18 |
| Later than 1 year but not more than 5 year | 3,874.90 | 1,922.14 |
| More than 5 year | 1,008.80 | 1,422.35 |
| Total | 6,133.78 | 4,893.67 |

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, 2022

2.41 Contingent Liabilities and Commitments

(Amount ₹ in Lakh)

| Contingent Liabilities and Commitments (to the extent not provided for) | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| (i) Commitments | | |
| (a) Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for | 28,839.46 | 38,394.25 |
| (b) Revenue Commitments | 22,029.67 | 29,180.27 |
| Sub Total | 50,869.13 | 67,574.52 |
| (ii) Contingent Liabilities on Account of Tax Demand | | |
| Income Tax Demand for AY 2010-2011 | - | 309.26 |
| Income Tax Demand for AY 2011-2012 | 183.27 | 183.27 |
| Income Tax Demand for AY 2013-2014 | 578.22 | 578.22 |
| Income Tax Demand for AY 2015-2016 | 467.50 | 467.50 |
| Income Tax Demand for AY 2016-2017 | 1,304.48 | 1,304.48 |
| Income Tax Demand for AY 2018-2019 | 1,523.12 | - |
| Income Tax Demand for AY 2019-2020 | 3,622.93 | - |
| Sub Total | 7,679.52 | 2,842.73 |
| (iii) Contingent Liabilities – Other Matters (refer note 1 & 2) | | |
| Sub Total | 2,598.52 | 2,597.00 |
| Total | 61,147.17 | 73,014.25 |

(ii) Contingent Liability for Income Tax:

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, AY 2016-17, AY 2018-19 and AY 2019-20. For AY 2010-11 and AY 2012-2013, Hon'ble ITAT has directed lower tax authorities to allow 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 and AY 2017-18 the tax provisions in Books of Accounts are more than demand raised as per Assessment Order u/s 143(3) of Income Tax Act 1961, hence no Contingent liability is shown in the Books for A.Y. 2014-2015 and AY 2017-18.

Assessment Year 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 demand 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, 2022

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.

Assessment Year 2018-19:

The Contingent liability for A.Y. 2018-19 amounts to ₹ 1,523.12 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 13,923.12 lakh against provision in the books of accounts of ₹ 12,400.00 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.

Assessment Year 2019-20:

The Contingent liability for A.Y. 2019-20 amounts to ₹ 3,622.93 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 20,522.93 lakh against provision in the books of accounts of ₹ 16,900.00 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.

(iii) (a) 1. Contingent liabilities – other matters

One of the customers namely Bank of Maharashtra using a payment service namely Unified Payments 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.

(a) 2. Contingent liabilities – other matters

M/s Unwani Subhakaran has filed a case against Punjab National Bank & Ors in Permanent Lok Adalat, Sikar (Rajasthan) and made NPCI a party to it. The case is on account of transfer of funds to wrong account amounting to ₹ 50,000/-. The total claim is for ₹ 1,51,820 on account of principal, interest, legal expenses and mental harassment.

(iii) (b) Status of Legal Cases (Other than Income Tax)

Apart from the above case, there are a total of 52 litigation cases involving the company. In our view, in all these legal cases the possibility of an order being passed directing NPCI to make any payment is remote. Therefore, there is no contingent liability to be reported for these cases.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.42 Value of Import of Services

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Software License / Consultancy charges | - | 317.96 |
| Cwip - Building And Premises | - | 67.46 |
| Total | - | 385.42 |

Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Software AMC Expenses | 58.11 | 24.64 |
| Escrow Agent Fees / Professional Fees | 29.66 | 473.22 |
| Subscription and Membership Fees | 24.99 | 131.52 |
| Training and Seminar Charges | 46.85 | 125.87 |
| Advertising and Publicity Expenses | 9.99 | 0.27 |
| Marketing Expense | 62.28 | - |
| RuPay Product Expenses - International | 149.39 | - |
| Recruitment Expense | 4.74 | - |
| RuPay trademark registration | 2.59 | - |
| Professional Fees | 109.94 | - |
| RuPay - Phase wise Expenses (DCI, JCBI, Union) and Mercury | 3,955.39 | - |
| Total | 4,453.93 | 755.52 |

Income in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|------------------------------------|---------------------------|---------------------------|
| RuPay compliance fees & incentives | 656.33 | - |
| Total | 656.33 | - |

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.

2.43 Details of Dues to Micro, Small and Medium Enterprises as defined in MSMED Act, 2006.

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

(Amount ₹ in Lakh)

| Particulars | As At 31-Mar-2022 | As At 31-Mar-2021 |
|---|----------------------|----------------------|
| a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year | 19.16 | - |
| (ii) Interest due on above | 3.10 | - |
| 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. | 3.10 | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.43 Details of Dues to Micro, Small and Medium Enterprises as defined in MSMED Act, 2006. (Contd..)

(Amount ₹ in Lakh)

| Particulars | As At 31-Mar-2022 | As At 31-Mar-2021 |
|---|----------------------|----------------------|
| 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) but 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. | - | - |

2.44 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 (now Section 12AB) 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 ₹ 26,700.00 lakh has been provided for the year ended 31st March, 2022, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax income of ₹ 416.31 lakh as per the applicable of Accounting Standard.

2.45 Misappropriation of funds

There was a case of misappropriation of funds by one of the outsourced resource (Accounts Executive) working for finance department, he was involved in processing of employee reimbursements. As per the evidence he created fake claims in ERP system in the name of other NPCI employees and also tampered payment file details, while sending it to the bank for payment. The amount involved was ₹158,518/- which was subsequently recovered from the said outsourced resource. Also, NPCI had filed an FIR with the BKC Cyber fraud police station on 12th November 2021.

2.46 Other Statutory Compliances

- a. The Company has neither traded or nor invested in crypto currency or virtual currency during the current financial year or previous financial year.
- b. The Company has complied with the number of layer of companies prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- c. No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- d. The company is not declared as wilful defaulter by any bank or financial Institution or other lender during the current financial year or previous financial year.
- e. Loans & Advances
 - The company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), which are either repayable on demand or without specifying any terms or period of repayment during the current financial year or previous financial year.
 - No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

- No funds have been received by the company from any person or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- f. Declaration regarding Borrowed funds
- The company has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
 - The company has not taken any borrowings from banks on the basis of security of Current assets during the current financial year or previous financial year.
 - The company has not taken any secured borrowings during the current financial year or previous financial year accordingly there is no requirement for charge or satisfaction of charges is to be registered with ROC.
- g. No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

2.47 Relationship with Struck Off Companies

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as on 31-Mar-2022 | Relationship with the Struck off company, if any, to be disclosed. |
|----------------------------------|--|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities | - | - |
| | Receivables | - | Customer |
| | Payables | - | - |
| | Shares held by struck off company | - | - |
| | Other outstanding balances (to be specified) | - | - |

* The company does not have any outstanding balance with the struck-off company. However, the value of transaction entered during the year was ₹4.96 lakhs

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as on 31-Mar-2021 | Relationship with the Struck off company, if any, to be disclosed. |
|----------------------------|--|---------------------------------------|--|
| | Investments in securities | - | - |
| | Receivables | - | - |
| | Payables | - | - |
| | Shares held by struck off company | - | - |
| | Other outstanding balances (to be specified) | - | - |

2.48 Ratios to be disclosed

(Amount ₹ in Lakh)

| Financial Ratios | Formula | FY 2021-22 | FY 2020-21 |
|----------------------------------|---|------------|------------|
| Current Ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 4.28 | 3.46 |
| Debt-Equity Ratio | Not applicable as there are no Debt in the company | N.A. | N.A. |
| Debt Service Coverage Ratio | Not applicable as there are no Debt in the company | N.A. | N.A. |
| Return on Equity Ratio | $\frac{\text{Net profit after taxes}}{\text{Average Shareholder's Equity}}$ | 28.96% | 22.65% |
| Inventory turnover ratio | Not applicable as there are no Inventory in the company | N.A. | N.A. |
| Trade Receivables turnover ratio | $\frac{\text{Revenue from operations}}{\text{Average trade receivables}}$ | 20.63 | 14.28 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Financial Ratios | Formula | FY 2021-22 | FY 2020-21 |
|-------------------------------|---|------------|------------|
| Trade payables turnover ratio | $\frac{\text{Operating expenses}}{\text{Average Trade Payable}}$ | 7.63 | 8.39 |
| Net capital turnover ratio | $\frac{\text{Revenue from operations}}{\text{Working Capital}}$ | 0.61 | 0.60 |
| Net profit ratio | $\frac{\text{Net Profit}}{\text{Net Operating Income}}$ | 48.59% | 37.71% |
| Return on Capital employed | $\frac{\text{Earnings before Interest \& Tax}}{\text{Capital Employed}}$ | 35.00% | 26.82% |
| Return on investment | $\frac{\text{Net return on Investment}}{\text{Average Cost of Investment}}$ | 4.56% | 4.63% |

- a. Return on Equity Ratio:** The increase in Returns on Equity ratio is on account of increase in Net profit after taxes by 70% and Average Shareholder's Equity by 33%
- b. Trade Receivables turnover ratio:** The increase in Trade Receivables turnover ratio is on account of increase in Revenue from operations by 41 % and decrease in Average trade receivables by 2%
- c. Net profit ratio:** The increase in Net profit ratio is on account of increase in Net profit by 82 % and increase in Net Operating Income by 41% .
- d. Return on Capital employed :** The increase in Return on Capital employed is on account of increase in Earnings before Interest & Tax by 76% and increase in Capital Employed 35%
- e. Return on investment:** The increase in Return on investment turnover ratio is on account of increase in Net return on Investment by 24% and increase in Average Cost of Investment by 25%

2.49 COVID Impact

The company is continuously monitoring the impact of COVID-19 on its financial position. Covid 19 is continuously 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.

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

2.51 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 : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra

Chairman
DIN: 06990345

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Venkatraman Srinivasan

Director
DIN: 00246012

Rupesh H Acharya

Chief Financial Officer

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"), **NPCI Bharat Bill Pay Limited** and **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 2022, the Consolidated Statement of Income & Expenditure, including the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of cash flow for the 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 2022, its Consolidated surplus 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, 2022. 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 |
|---|---|
| <p>Litigations and Contingencies</p> <p>Reasons why the matter was determined to be a key audit matter</p> <p>The company is subject to income tax related claims which have been disclosed / provided for in the financial statements</p> <p>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</p> <p>Refer note 2.20, 2.28 and 2.41 to the Ind AS Consolidated financial statements.</p> | <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of key tax matters, and • The audit team, along with our internal tax experts: <ul style="list-style-type: none"> • 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 surplus / deficit (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, 2022 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 Rs. 254.25 crore as at March 31, 2022, total revenues of Rs 52.60 crore and net cash outflows amounting to Rs. 23.29 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 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 Consolidated Statement of Other Comprehensive Income, Consolidated Statement of Changes in Equity 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 2022 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 2022 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) 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 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, 2022.
 - iv. a. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either

from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
 - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries
- c. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (iv)(a) and (iv)(b) contain any material mis-statement.
- v. The Holding Company is incorporated under Section 25 of the Companies Act, 1956 (currently governed under section 8 of the Companies Act, 2013) as a Non-Profit Organization. Accordingly as per Section 123 of the Companies Act, 2013, the Holding Company is prohibited by their constitution from paying any dividend to its members. They apply the surplus in promoting the objects of the Holding Company. There was no dividend declared or paid during the year by the subsidiary companies incorporated in India.:

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

| 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. | <p>In respect of Holding Company (NPCI) our comments are as follows:</p> <p>The Holding Company has system in place to process all the accounting transactions through IT systems except for the following:-</p> <ul style="list-style-type: none"> • 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. |

| S. No. | DIRECTIONS | ANSWER |
|--------|---|--|
| | | <p>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.</p> <p>In respect of Subsidiary Company (NIPL) the statutory auditor of the company has commented as follows :</p> <p>Yes, the Company has system in place to process all the accounting transactions through IT Systems (Tally ERP 9)</p> <p>In respect of Subsidiary Company (NBBL) the statutory auditor of the company has commented as follows :</p> <p>The Company has system in place to process all the accounting transactions through IT systems (Tally ERP 9). We found that GST Returns have been filed using a GST Software tool and details related to GST are maintained within that software. Also, the clearing and settlement for the business is done in application developed for Bharat Bill Payment System (BBPS) for booking daily party wise revenue, the entity being licensed under the Payment and Settlement Systems Act, 2007 for the said function of BBPS.</p> |
| 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. Whether such cases are properly accounted for? (In case, lender is Government Company, then this direction is also applicable for statutory auditor of the lender company) | <p>Not Applicable</p> <p>Group has not availed any loan.</p> |
| 3. | Whether funds (grants/subsidy) 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. | <p>Not Applicable</p> <p>There are no case of funds received /receivable for specific schemes from Central/state agencies.</p> |

Additional directions issued by C&AG as applicable to Holding Company - National Payment Corporation of India (NPCI) and its subsidiary - NPCI International Payments Ltd (NIPL) and NPCI Bharat BillPay Limited (NBBL) for the year 2021-22.

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|--------|--|--|
| 1 | <p>NBFC dealing with digital payment products and services</p> <p>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?</p> | <p>In respect of Holding Company (NPCI) our comments are as follows:</p> <p>The Company has carried out a detailed compliance assessment of RBI Master directions on Digital Payment Security Controls. The said assessment was carried out by a competent third party. The report was received by the company in October 2021 wherein no observation was reported. The Holding Company has identified the various controls to be followed as per the RBI Master Direction and accordingly assigned the Cert-In empanelled Third Party Auditor (RSM Astute Consulting Private Limited) to conduct the audit to certify 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. We have relied on the report and confirm that the controls as required by the RBI Master Directions are in place.</p> |

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|-----------|-----------------------|--|
| | | <p>In respect of Subsidiary Company (NIPL) the statutory auditor of the company has commented as follows :</p> <p>Company carried out a detailed review of RBI Master Directions on Digital Payment Security Controls and thereafter appointed (by NPCI) Cert-IN empaneled Third-Party auditor (RSM) and initiated a compliance check against requirements of RBI Master Direction on Digital Payment Security Controls.</p> <p>All business applications (including NIPL's applications under RuPay & UPI) were included in the scope of the assessment.</p> <p>The audit was concluded in Oct 2021 and no open issues were reported.</p> <p>Since business applications managed by NIPL was covered under initial scope of audit, No separate assessment for NIPL was conducted.</p> <p>In respect of Subsidiary Company (NBBL) the statutory auditor of the company has commented as follows :</p> <p>Company carried out a detailed review of RBI Master Directions on Digital Payment Security Controls and thereafter appointed (by NPCI) Cert-IN empaneled Third-Party auditor (RSM) and initiated a compliance check against requirements of RBI Master Direction on Digital Payment Security Controls.</p> <p>All business applications (including NBBL's applications under BBPS) were included in the scope of the assessment.</p> <p>The audit was concluded in Oct 2021 and no open issues were reported.</p> <p>Since business applications managed by NBBL was covered under initial scope of audit, No separate assessment for NBBL was conducted.</p> |

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

Parag Jain
Partner

Membership No: 078548
UDIN: 22078548AJPUNL1502

Place: Mumbai
Date: 25th May, 2022

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 2022 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 2022, 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

Place: Mumbai

Date: 25th May, 2022

Membership No: 078548

UDIN: 22078548AJPUNL1502

Consolidated Balance Sheet

 as at 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Note No. | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------|--------------------|--------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a. Property, Plant & Equipment | 2.1 | 25,822.46 | 27,799.55 |
| b. Capital Work-In-Progress | 2.2 | 37,219.13 | 12,822.66 |
| c. Intangible Assets | 2.3 | 9,860.14 | 8,426.65 |
| d. Intangible Assets under development | 2.4 | 2,090.33 | 2,081.14 |
| e. Right of Use Assets | 2.5 | 4,513.58 | 3,641.55 |
| f. Financial Assets | | | |
| i. Investments | 2.6 | 37,315.02 | 33,452.32 |
| ii. Other Financial Assets | 2.7 | 1,370.11 | 3,617.18 |
| g. Other Non-Current Assets | 2.8 | 186.74 | 377.38 |
| Total Non-Current Assets | | 1,18,377.51 | 92,218.43 |
| Current Assets | | | |
| a. Financial Assets | | | |
| i. Investments | 2.9 | 29,851.80 | 28,597.22 |
| ii. Trade Receivables | 2.10 | 7,726.20 | 5,747.23 |
| iii. Cash & Cash Equivalents | 2.11 | 21,973.03 | 34,867.18 |
| iv. Bank balances other than (iii) above | 2.12 | 2,15,294.75 | 1,67,276.64 |
| v. Other Financial Assets | 2.13 | 53,965.87 | 19,076.00 |
| b. Current Tax Assets (net) | 2.14 | 3,997.27 | 3,841.78 |
| c. Other Current Assets | 2.15 | 24,743.26 | 12,461.26 |
| Total Current Assets | | 3,57,552.18 | 2,71,867.32 |
| Assets classified as held for Sale | | - | 1,640.99 |
| TOTAL ASSETS | | 4,75,929.69 | 3,65,726.74 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a. Equity Share Capital | 2.16 | 14,036.69 | 14,036.69 |
| b. Other Equity | 2.17 | 2,78,282.51 | 2,01,699.85 |
| Total Equity | | 2,92,319.20 | 2,15,736.55 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease liabilities | 2.18 | 4,106.05 | 2,650.14 |
| ii. Others Financial Liabilities | 2.19 | 97,373.90 | 69,116.59 |
| b. Deferred Tax Liabilities (net) | 2.20 | 1,438.61 | 1,836.06 |
| c. Long Term Provisions | 2.21 | 450.55 | 605.05 |
| d. Other Non-Current Liabilities | 2.22 | 814.37 | 468.08 |
| Total Non-Current Liabilities | | 1,04,183.48 | 74,675.92 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease liabilities | 2.23 | 920.30 | 1,293.46 |
| ii. Trade Payables Due to: | 2.24 | | |
| Micro and Small Enterprises | | 23.88 | 1.18 |
| Other than Micro and Small Enterprises | | 10,004.42 | 3,482.35 |
| iii. Other Financial Liabilities | 2.25 | 16,036.01 | 8,982.11 |
| b. Other Current Liabilities | 2.26 | 722.39 | 3,024.57 |
| c. Provisions | 2.27 | 22,711.44 | 26,733.05 |
| d. Current Tax Liabilities (net) | 2.28 | 29,008.57 | 30,284.66 |
| Total Current Liabilities | | 79,427.01 | 73,801.38 |
| Liabilities directly associated with assets held for Sale | | - | 1,512.89 |
| TOTAL EQUITY AND LIABILITIES | | 4,75,929.69 | 3,65,726.74 |
| Significant Accounting Policies & Notes on Accounts | 1 & 2 | | |

As per our report attached

For and on behalf of the Board of Directors

Banshi Jain & Associates

 Chartered Accountants
 Registration No.: 100990W

CA Parag Jain

 Membership No: 078548
 Partner

 Place : Mumbai
 Date : 25th May 2022

Biswamohan Mahapatra

 Chairman
 DIN: 06990345

Dilip Asbe

 Managing Director & CEO
 DIN: 02990724

Priyanka Agrawal
 Company Secretary

Venkatraman Srinivasan

 Director
 DIN: 00246012

Rupesh H Acharya

Chief Financial Officer

Consolidated Statement of Income And Expenditure

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Note No. | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|----------|---------------------------|---------------------------|
| Income | | | |
| Revenue from Operations | 2.29 | 1,62,951.91 | 1,12,159.77 |
| Other Income | 2.30 | 23,060.60 | 14,449.64 |
| Total Income | | 1,86,012.51 | 1,26,609.41 |
| Expenses | | | |
| Operating Expenses | 2.31 | 10,868.03 | 9,197.19 |
| Employee Benefit Expenses | 2.32 | 19,753.06 | 16,989.63 |
| Administrative and Establishment Expenses | 2.33 | 2,881.00 | 2,217.84 |
| Depreciation and Amortisation Expenses | 2.34 | 15,433.90 | 14,035.23 |
| Other Expenses | 2.35 | 37,839.36 | 25,643.03 |
| Total Expenses | | 86,775.35 | 68,082.92 |
| Surplus Before Tax | | 99,237.16 | 58,526.49 |
| Tax Expense | | | |
| Current Tax | | 26,925.00 | 15,700.00 |
| Deferred Tax | | (397.33) | (148.82) |
| Prior year tax adjustment | | (1,317.44) | - |
| Total Tax Expenses | | 25,210.23 | 15,551.18 |
| Surplus for the period from continuing operations | | 74,026.93 | 42,975.31 |
| Surplus/(Deficit) from discontinued operations | | - | (1,022.97) |
| Surplus for the period before exceptional items | | 74,026.93 | 41,952.34 |
| Exceptional items | | | |
| Surplus for the period | | 77,339.23 | 41,952.34 |
| Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Income and Expenditure | | | |
| -Continuing operations | | | |
| Remeasurement of defined employee benefit plans | | 96.50 | (151.72) |
| Return on plan assets (excluding interest) | | (3.08) | 3.47 |
| Income Tax relating to items that will not be reclassified to Income and Expenditure | | 0.12 | 20.12 |
| B (i) Items that will be reclassified to Income and Expenditure | | | |
| (ii) Income Tax relating to items that will be reclassified to Income and Expenditure | | - | - |
| Total Other Comprehensive Income | | 93.54 | (128.13) |
| Total Comprehensive Income for the period | | 77,432.77 | 41,824.21 |
| Earnings per equity share (for continuing operations) | | | |
| 1 Basic earnings per share (Rs.) | 2.36 | 550.98 | 315.53 |
| 2 Diluted earnings per share (Rs.) | | 550.98 | 315.53 |
| Earnings per equity share (for discontinued operations) | | | |
| 1 Basic earnings per Share (Rs.) | | - | (7.51) |
| 2 Diluted earnings per Share (Rs.) | | - | (7.51) |
| Earnings per equity share (for continuing and discontinued operations) | | | |
| 1 Basic earnings per Share (Rs.) | | 550.98 | 308.02 |
| 2 Diluted earnings per Share (Rs.) | | 550.98 | 308.02 |

As per our report attached

For and on behalf of the Board of Directors

For **Banshi Jain & Associates**Chartered Accountants
Registration No.: 100990W**CA Parag Jain**Membership No: 078548
Partner

Place : Mumbai

Date : 25th May 2022**Biswamohan Mahapatra**Chairman
DIN: 06990345**Dilip Asbe**Managing Director & CEO
DIN: 02990724**Priyanka Agrawal**

Company Secretary

Venkatraman SrinivasanDirector
DIN: 00246012**Rupesh H Acharya**

Chief Financial Officer

Consolidated Statement of Cash Flow

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Cash flow from operation activities | | |
| Net surplus for the period from continuing operations | 99,237.16 | 58,526.49 |
| Net surplus/(deficit) before tax from discontinued operation | - | (1,022.97) |
| Exceptional Items | 3,312.30 | - |
| Adjustment to reconcile net profit to net cash by operating activities | | |
| Depreciation | 15,433.90 | 14,035.23 |
| Provision for employee benefit | - | 44.84 |
| Fixed assets written off | 0.57 | 7.29 |
| Unrealised foreign exchange (gain) / loss (net) | 12.44 | 13.12 |
| Less : Interest income earned | (15,250.48) | (11,989.48) |
| Operating Surplus before working capital changes | 1,02,745.89 | 59,614.52 |
| Adjustment for: | | |
| Trade and other receivables | (16,309.96) | (7,131.49) |
| Trade and other payables | 36,037.72 | 24,402.70 |
| Cash generated from operation | 1,22,473.65 | 76,885.73 |
| Less : Adjustment for Income tax | (27,039.28) | 14,218.20 |
| Less : Tax paid on Regular Assessment | - | - |
| Net cash from operating activities (A) | 95,434.37 | 91,103.93 |
| Cash flow from investing activities | | |
| Expenditure on Property, plant and equipment | (40,168.55) | (25,870.08) |
| Investment in earmarked funds | (1,254.75) | (28,096.31) |
| Investment own fund in Bank FD | (30,789.16) | (17,312.99) |
| Investment with Financial Institutions | (46,377.36) | 2,400.00 |
| Investments in Government securities (quoted) | (5,162.33) | (8,635.77) |
| Purchase of T-Bills | 45.05 | (8,953.86) |
| Interest income | 15,250.48 | 11,989.48 |
| Net cash used in investing activities (B) | (1,08,456.62) | (74,479.53) |
| 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 - Discontinued operations | 128.10 | (128.10) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (12,894.15) | 24,660.20 |
| Cash and cash equivalents (opening) | 34,867.18 | 10,206.98 |
| Cash and cash equivalents (closing) | 21,973.03 | 34,867.18 |

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

Place : Mumbai
 Date : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra
 Chairman
 DIN: 06990345

Dilip Asbe
 Managing Director & CEO
 DIN: 02990724

Priyanka Agrawal
 Company Secretary

Venkatraman Srinivasan
 Director
 DIN: 00246012

Rupesh H Acharya
 Chief Financial Officer

Consolidated Statement of Changes In Equity

for the year ended 31st March, 2022

2.16 Equity Share Capital

| Balance as at 1st April, 2021 | Changes in equity share due to prior period errors | Restated Balance as at April 1, 2021 | Changes in equity share due during the year | Balance as at March 31, 2022 |
|-------------------------------|--|--------------------------------------|---|------------------------------|
| | | | | |
| 14,036.69 | - | - | - | 14,036.69 |
| Balance as at 1st April, 2020 | Changes in equity share due to prior period errors | Restated Balance as at April 1, 2020 | Changes in equity share due during the year | Balance as at March 31, 2021 |
| 13,386.70 | - | - | 649.99 | 14,036.69 |

Other Equity

2.17 Statement of Changes in Equity

| 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 | | |
| Balance as at 1st April, 2021 | 16,048.39 | 22,500.00 | 1,000.00 | 11,647.00 | 100.00 | 20,000.00 | 1,30,669.91 | 2,01,699.85 |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 77,339.23 | 77,432.74 |
| 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 | - | - | - | - | - | - | (287.57) | (287.57) |
| Transfer to SGM Contribution - IMPS | - | - | - | - | - | - | (943.16) | (943.16) |
| Transfer to SGM Contribution - BBPS | - | - | - | - | - | - | (23.78) | (23.78) |
| Transfer to SGM Contribution - AEPS | - | - | - | - | - | - | 59.68 | 59.68 |
| Transfer to SGM Contribution - NETC | - | - | - | - | - | - | (4.36) | (4.36) |
| Transfer to SGM Contribution - UPI | - | - | - | - | - | - | 243.41 | 243.41 |
| Transfer to SGM Contribution - RuPay | - | - | - | - | - | - | 67.16 | 67.16 |
| Transfer to SGM Contribution - NACH | - | - | - | - | - | - | 38.55 | 38.55 |
| Balance as at 31st March 2022 | 16,048.39 | 27,500.00 | 1,000.00 | 15,647.00 | 100.00 | 30,000.00 | 1,88,159.06 | 2,78,282.52 |
| | | | | | | | (171.96) | |

Consolidated Statement of Changes In Equity

 for the year ended 31st March, 2022

Other 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 | | |
| 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 | 1,52,992.54 |
| Total Comprehensive Income for the year | - | - | - | - | - | - | 41,952.34 | 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 |
| Balance as at 31st March, 2021 | 16,048.39 | 22,500.00 | 1,000.00 | 11,647.00 | 100.00 | 20,000.00 | 1,30,669.91 | 2,01,699.85 |

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 : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra
 Chairman
 DIN: 06990345

Dilip Asbe
 Managing Director & CEO
 DIN: 02990724

Priyanka Agrawal
 Company Secretary

Venkatraman Srinivasan
 Director
 DIN: 00246012

Rupesh H Acharya
 Chief Financial Officer

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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, China Union Pay International and Mercury 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.

NPCI is building its own data centres for hosting the Information Technology infrastructure. It is expected to be commissioned in due course.

NPCI International Payments Limited (NIPL), a wholly owned subsidiary, has been set up for internalisation of RuPay and UPI. NPCI has entered into products and services agreement with NIPL for the said purpose. Certain agreements for International Alliance has been novated during the financial year. There is arrangement agreed upon between NPCI and NIPL for the same.

In order to leverage the platform strength of NPCI and to build synergies between the two companies i.e. NPCI and NBBL, the intercompany collaboration arrangement is being worked out to help consumers (bill payer) with the wider options for payments. The said collaboration arrangement will provide Technology and IT Support Services and Marketing and Business Development Support Services to its subsidiary i.e. NPCI Bharat BillPay Limited. The same has been approved by the Boards of the respective companies and was under discussion during the financial year 2021-2022.

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 NPCI. The consolidated Ind AS financial statements comprise the financial statements of the NPCI 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

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-2022 | 31-Mar-2021 |
| NPCI International Payments Limited | Internationalise RuPay and UPI products. | India | 100% | 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% | 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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 | 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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 |
| 2 | Copyrights, Patents and other Intellectual Property Rights | 5 |

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:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Group has intention to complete the intangible asset and use or sell it.
- The Group has ability to use or sell the intangible asset.
- The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible Assets.

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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:

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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 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

for the year ended 31st March, 2022

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, 2022:

| Asset Group | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | | |
|--------------------------|-------------------|-----------------|---------------|----------------------|--------------------------|-------------------|-----------------|------------------------|----------------------|-------------------|-------------------|
| | As at 01-Apr-2021 | Additions | Deletions | Assets held-for-sale | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | Assets held-for-sale | As at 31-Mar-2022 | As at 31-Mar-2021 |
| | | | | | | | | | | | |
| Land | 3,995.04 | - | - | - | 3,995.04 | - | - | - | - | 3,995.04 | 3,995.04 |
| Building | 4,022.39 | - | - | - | 4,022.39 | 406.70 | 67.73 | - | - | 474.43 | 3,547.96 |
| Computers | 2,037.39 | 1,081.48 | 60.28 | - | 3,058.59 | 1,521.15 | 383.11 | 59.94 | - | 1,844.32 | 1,214.27 |
| Network Equipment | 11,850.11 | 1,637.62 | 182.00 | - | 13,305.73 | 6,062.92 | 1,973.04 | 182.00 | - | 7,853.96 | 5,451.77 |
| Switching Eq / Central | 26,195.00 | 1,654.89 | 430.36 | - | 27,419.53 | 13,200.16 | 4,151.81 | 430.35 | - | 16,921.62 | 10,497.91 |
| Processors | | | | | | | | | | | |
| Furniture and Fixture | 497.29 | 49.60 | 0.29 | - | 546.60 | 154.43 | 54.39 | 0.22 | - | 208.60 | 338.00 |
| Electrical Installation | 155.49 | 53.34 | - | - | 208.83 | 45.05 | 36.45 | - | - | 81.50 | 127.33 |
| Telephone | 52.16 | 3.99 | 0.78 | - | 55.37 | 41.47 | 6.56 | 0.79 | - | 47.24 | 8.13 |
| Office Equipment | 489.11 | 95.97 | 1.44 | - | 583.64 | 335.60 | 66.29 | 1.44 | - | 400.45 | 183.19 |
| Leasehold improvement | 293.38 | 276.03 | - | - | 569.41 | 20.34 | 90.21 | - | - | 110.55 | 458.86 |
| As at 31-Mar-2022 | 49,587.36 | 4,852.92 | 675.15 | - | 53,765.13 | 21,787.82 | 6,829.59 | 674.74 | - | 27,942.67 | 25,822.46 |

(Amount ₹ in Lakh)

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2021:

| 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-2020 |
| | | | | | | | | | | | |
| Land | 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 |
| 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 |
| 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 |
| Switching Eqpt / Central | 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 |
| Processors | | | | | | | | | | | |
| Furniture and Fixture | 342.29 | 163.72 | 8.72 | - | 497.29 | 121.18 | 38.02 | 4.77 | - | 154.43 | 342.86 |
| Electrical Installation | 46.92 | 111.95 | 3.39 | - | 155.48 | 35.96 | 11.53 | 2.44 | - | 45.05 | 110.43 |
| Telephone | 51.75 | 1.01 | 0.10 | 0.50 | 52.16 | 33.64 | 8.10 | 0.06 | 0.21 | 41.47 | 10.69 |
| Office Equipment | 409.74 | 85.26 | 5.88 | - | 489.12 | 291.43 | 49.58 | 5.41 | - | 335.60 | 153.52 |
| Leasehold Improvement | 11.18 | 282.40 | 0.20 | - | 293.38 | 10.72 | 9.82 | 0.20 | - | 20.34 | 273.04 |
| 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 |

(Amount ₹ in Lakh)

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Notes:

- There has been no revaluation of Property, Plant and equipment during the current year and previous financial year.
- The title deed of all the Immovable properties are held in the name of the company.

2.2 Capital work-in-progress

Capital Work in Progress (CWIP) as on Mar'2022

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|-----------------|---------------|-------------------|------------------|
| Projects in progress | 30,675.67 | 6,234.12 | 294.12 | 15.22 | 37,219.13 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 30,675.67 | 6,234.12 | 294.12 | 15.22 | 37,219.13 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2022

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|------------------------------|---------------------------|-------------|-------------|-------------------|------------------|
| | To be completed in | | | | |
| Projects in progress | - | - | - | - | - |
| Smart Data Centre - Project* | 36,611.21 | - | - | - | 36,611.21 |
| Total | 36,611.21 | - | - | - | 36,611.21 |

* The project has been over due as original project date given was January 2022.

Capital Work in Progress (CWIP) as on Mar'2021

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|--------------------------------|------------------|---------------|--------------|-------------------|------------------|
| Projects in progress | 12,352.43 | 451.06 | 10.71 | 8.46 | 12,822.66 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 12,352.43 | 451.06 | 10.71 | 8.46 | 12,822.66 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2021

(Amount ₹ in Lakh)

| Capital WIP | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
|----------------------|------------------|-------------|-------------|-------------------|----------|
| Projects in progress | - | - | - | - | - |
| Total | - | - | - | - | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.4. Intangible assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2022:

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|------------------------------------|-------------------|-----------------|---------------|-------------------|--------------------------|-----------------|------------------------|-------------------|-------------------|-------------------|
| | As at 01-Apr-2021 | Additions | Deletions | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | As at 31-Mar-2022 | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Computer Software | 34,153.22 | 5,189.62 | 671.90 | 38,670.94 | 25,726.56 | 6,441.77 | 671.74 | 31,496.59 | 7,174.34 | 8,426.65 |
| BBPS | - | 0.01 | - | 0.01 | - | 0.01 | - | 0.01 | - | - |
| IPR - BHARAT BILLPAY | - | 1,888.00 | - | 1,888.00 | - | 377.60 | - | 377.60 | 1,510.40 | - |
| Contracts with Customers | - | 1,210.00 | - | 1,210.00 | - | 242.00 | - | 242.00 | 968.00 | - |
| Goodwill on Purchase consideration | - | 207.40 | - | 207.40 | - | - | - | - | 207.40 | - |
| As at 31-Mar-2022 | 34,153.22 | 8,495.03 | 671.90 | 41,976.35 | 25,726.56 | 7,061.38 | 671.74 | 32,116.20 | 9,860.14 | 8,426.65 |

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 |

There has been no revaluation of Intangible assets during the current and previous financial year.

Details of Intangible assets under development as on 31-Mar-2022

(Amount ₹ in Lakh)

| Intangible assets under development | Amount in IAUD for a period of | | | | |
|-------------------------------------|--------------------------------|-------------|-------------|-------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 1,880.72 | 129.54 | 63.52 | - | 2,073.78 |
| Projects temporarily suspended | 16.55 | - | - | - | 16.55 |

Details of Intangible assets under development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2022

(Amount ₹ in Lakh)

| Intangible assets under development | To be completed in | | | | |
|-------------------------------------|--------------------|-------------|-------------|-------------------|--------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress* | | | | | |
| Smart Data Centre - Project | 65.42 | - | - | - | 65.42 |
| Project - Project Innovation | 378.61 | - | - | - | 378.61 |
| Project - Tokenization | 14.19 | - | - | - | 14.19 |

* The project has been over due as original project date for :

- Smart Data Centre was January'2022.
- Project Innovation was March'2022.
- Tokenisation was May'2021.

Details of Intangible assets under development as on 31-Mar-2021

(Amount ₹ in Lakh)

| Intangible assets under development | Amount in IAUD for a period of | | | | |
|-------------------------------------|--------------------------------|-------------|-------------|-------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | 1,026.52 | 1,052.11 | - | 2.50 | 2,081.13 |
| Projects temporarily suspended | - | - | - | - | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Details of Intangible assets under development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31-Mar-2021

(Amount ₹ in Lakh)

| Intangible assets under development | To be completed in | | | | |
|-------------------------------------|--------------------|-------------|-------------|-------------------|-------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

There has been no revaluation of Intangible assets during the current and previous financial year.

2.5 Right of Use Assets

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | | |
|--------------------------|-------------------|-----------------|---------------|--------------------------|-------------------|-----------------|------------------------|-------------------|-------------------|-------------------|
| | As at 01-Apr-2021 | Additions | Deletions | As at 31-Mar-2022 | As at 01-Apr-2021 | For the period | Deletions/ Adjustments | As at 31-Mar-2022 | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Right of Use Assets | 6,834.37 | 2,421.74 | - | 9,256.11 | 3,192.82 | 1,549.71 | - | 4,742.53 | 4,513.58 | 3,641.55 |
| As at 31-Mar-2022 | 6,834.37 | 2,421.74 | - | 9,256.11 | 3,192.82 | 1,549.71 | - | 4,742.53 | 4,513.58 | 3,641.55 |
| 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 | |

Non- Current Assets

Financial Assets (non-current)

2.6 Investments

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|--|----------------------------|-----------|-------------------|-----------|-------------------|
| I. Investments in Government Securities | | | | | |
| Quoted Investment carried at amortized cost | | | | | |
| G-Sec 7.68% 2023 | 100.00 | 12,00,000 | 1,198.04 | 12,00,000 | 1,197.21 |
| G-Sec 7.35% 2024 | 100.00 | 4,00,000 | 396.45 | 4,00,000 | 395.26 |
| G-Sec 8.40% 2024 | 100.00 | 4,00,000 | 403.34 | 4,00,000 | 404.56 |
| G-Sec 7.72% 2025 | 100.00 | 4,00,000 | 400.37 | 4,00,000 | 400.47 |
| G-Sec 8.15% 2026 - NI | 100.00 | 6,00,000 | 605.63 | 6,00,000 | 606.61 |
| G-Sec 8.60% 2028 | 100.00 | 4,00,000 | 411.89 | 4,00,000 | 413.32 |
| G-Sec 7.88% 2030 | 100.00 | 8,00,000 | 797.27 | 8,00,000 | 797.04 |
| G-Sec 7.95% 2032 | 100.00 | 8,00,000 | 805.85 | 8,00,000 | 806.21 |
| G-Sec 8.24% 2033 | 100.00 | 14,00,000 | 1,443.76 | 14,00,000 | 1,446.02 |
| G-Sec 7.59% 2029 | 100.00 | 8,00,000 | 795.79 | 8,00,000 | 795.37 |
| G-Sec 7.61% 2030 | 100.00 | 4,00,000 | 398.67 | 4,00,000 | 398.56 |
| G-Sec 7.37% 2023 | 100.00 | 6,00,000 | 596.13 | 6,00,000 | 593.69 |
| G-Sec 7.17% 2028 | 100.00 | 2,00,000 | 191.39 | 2,00,000 | 190.42 |
| G-Sec 7.59% 2026 | 100.00 | 4,00,000 | 397.63 | 4,00,000 | 397.16 |
| G-Sec 7.26% 2029 | 100.00 | 12,00,000 | 1,203.63 | 12,00,000 | 1,206.33 |
| G-Sec 7.32% 2024 | 100.00 | 12,00,000 | 1,207.80 | 12,00,000 | 1,211.55 |
| G-Sec 8.24% 2027 | 100.00 | 6,00,000 | 615.72 | 6,00,000 | 618.29 |
| G-Sec 7.27% 2026 | 100.00 | 20,00,000 | 2,037.06 | 20,00,000 | 2,044.43 |
| G-Sec 7.57% 2033 | 100.00 | 20,00,000 | 2,102.57 | 20,00,000 | 2,108.44 |
| G-Sec 6.45% 2029 | 100.00 | 10,00,000 | 997.54 | 10,00,000 | 997.32 |
| G-Sec 6.18% 2024 | 100.00 | 4,00,000 | 403.95 | 4,00,000 | 405.35 |
| G-Sec 5.79% 2030 | 100.00 | 6,00,000 | 599.22 | 6,00,000 | 599.15 |
| G-Sec 6.19% 2034 | 100.00 | 33,45,000 | 3,315.70 | 33,45,000 | 3,314.16 |
| G-Sec 5.77% 2030 | 100.00 | 14,00,000 | 1,382.05 | 14,00,000 | 1,380.44 |
| G-Sec 5.85% 2030 | 100.00 | 12,00,000 | 1,185.08 | 12,00,000 | 986.22 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.6 Investments (Contd..)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|---|----------------------------|-----------|-------------------|-----------|-------------------|
| G-Sec 6.22% 2035 | 100.00 | 30,00,000 | 2,960.83 | 30,00,000 | 2,958.40 |
| G-Sec 6.19% 2035 | 100.00 | 2,85,000 | 280.56 | 2,80,000 | 280.35 |
| G-Sec 5.63% 2026 | 100.00 | 11,00,000 | 1,099.01 | | - |
| G-Sec 6.65% 2035 | 100.00 | 6,00,000 | 600.13 | | - |
| G-Sec 4.26% 2023 | 100.00 | 6,00,000 | 598.81 | | - |
| G-Sec 4.56% 2023 | 100.00 | 12,00,000 | 1,195.50 | | - |
| G-Sec 5.74% 2026 | 100.00 | 17,00,000 | 1,687.65 | | - |
| Sub Total (A) | | | 32,315.02 | | 26,952.32 |
| Un-Quoted Investment carried at amortized cost | | | | | |
| Govt of India 8% Savings Bond | 100.00 | | 5,000.00 | | 6,500.00 |
| Sub Total (B) | | | 5,000.00 | | 6,500.00 |
| TOTAL (A+B) | | | 37,315.02 | | 33,452.32 |
| Aggregate amount of quoted investments | | | 32,315.02 | | 26,952.32 |
| Market Value of quoted investments | | | 32,011.83 | | 27,656.12 |
| Aggregate amount of unquoted investments | | | 5,000.00 | | 6,500.00 |
| Aggregate amount of impairment in value of investment | | | - | | - |

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.

2.7 Other Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|-------------------|-------------------|
| Security Deposit * | 613.59 | 716.39 |
| Unamortised Advance Rental | 119.87 | 70.04 |
| Settlement Guarantee Fund | 101.65 | 36.75 |
| Sub Total (A) | 835.11 | 823.18 |
| Earmarked Deposits with maturity more than 12 months | | |
| Deposits with Banks - (AEPS - Collateral) | - | 110.00 |
| Deposits with Banks - (Technology Reserve) | 199.00 | - |
| Term deposits with Banks - (NETC - Collateral) | 38.00 | 50.00 |
| Term deposits with Banks - (NACH - Collateral) | 199.00 | - |
| Sub Total (B) | 436.00 | 160.00 |
| Term deposits with Banks more than 12 months (Not Callable) | 99.00 | 99.00 |
| Term Deposit with Banks more than 12 months (Callable) | - | 2,535.00 |
| Sub Total (C) | 99.00 | 2,634.00 |
| Total (A + B + C) | 1,370.11 | 3,617.18 |

*Security deposit represents and relates principally to leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc..

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.8 Other Non-Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------|----------------------|----------------------|
| Capital Advance - Non IT | 3.94 | - |
| Prepaid Expenses | 182.80 | 220.93 |
| Preliminary Expenses | - | 156.45 |
| Total | 186.74 | 377.38 |

Current Assets

Financial Assets (Current)

2.9 Investments

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty | As at 31-Mar-2022 | Qty | As at 31-Mar-2021 |
|---|-------------------------------|-----------|----------------------|----------|----------------------|
| Investments in Government Securities with maturity less than 12 months | | | | | |
| Quoted Investment carried at amortized cost | | | | | |
| G-Sec 6.17% 2021 | 100.00 | - | - | 2,00,000 | 200.37 |
| Treasury Bill | | | | | |
| with maturity less than 3 months | 1,00,000 | - | - | 178 | 17,595.54 |
| with maturity more than 3 months but less than 12 months | 1,00,000 | 295 | 28,351.80 | 110 | 10,801.31 |
| Un-Quoted Investment carried at amortized cost | | | | | |
| Govt of India 8% Savings Bond | 100.00 | 15,00,000 | 1,500.00 | - | - |
| Total | | | 29,851.80 | | 28,597.22 |
| Aggregate amount of quoted investments | | | - | | 200.37 |
| Market Value of quoted investments | | | - | | 201.55 |
| Aggregate amount of unquoted investments | | | 29,851.80 | | 28,396.85 |
| 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-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Unsecured considered good | | |
| Receivables for Settlement Fees | 6,684.18 | 3,893.14 |
| Receivables for Network / IIN recoveries | 270.81 | 1,173.55 |
| Receivables from International Alliances | - | (11.17) |
| Receivables for Certification /Others | 37.61 | 563.97 |
| Receivables for RuPay | 733.60 | 182.65 |
| Less : Allowance for Credit Losses | - | (54.91) |
| Total | 7,726.20 | 5,747.23 |

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, the credit risk is low.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Ageing of Trade Receivables as at 31-Mar-2022

(Amount ₹ in Lakh)

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Unbilled | Not due | Total |
|--|--------------------|-------------------|---------------|---------------|-------------------|---------------|-------------|-----------------|
| Undisputed trade receivables - considered good | 6,450.48 | 422.42 | 421.10 | 113.02 | - | 376.11 | 2.69 | 7,785.82 |
| Undisputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Total | 6,450.48 | 422.42 | 421.10 | 113.02 | - | 376.11 | 2.69 | 7,785.82 |

Ageing of Trade Receivables as at 31-Mar-2021

(Amount ₹ in Lakh)

| Particulars | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Unbilled | Not due | Total |
|--|--------------------|-------------------|---------------|-------------|-------------------|----------|---------------|-----------------|
| Undisputed trade receivables - considered good | 4,566.09 | 600.79 | 458.48 | 0.35 | 54.91 | - | 121.52 | 5,802.14 |
| Undisputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Undisputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Disputed trade receivables - considered good | - | - | - | - | - | - | - | - |
| Disputed trade receivables - significant increase in credit risk | - | - | - | - | - | - | - | - |
| Disputed trade receivables - credit impaired | - | - | - | - | - | - | - | - |
| Less : Allowance for Credit Losses | - | - | - | - | (54.91) | - | - | (54.91) |
| Total | 4,566.09 | 600.79 | 458.48 | 0.35 | - | - | 121.52 | 5,747.23 |

2.11 Cash & Cash equivalents

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|-------------------|-------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.03 |
| Current account (Own Fund) | 3,615.85 | 15,158.13 |
| Current account (Flexi Facility with Bank) | 20.00 | 10,282.64 |
| Current account (International settlements) | 6,281.08 | 4,378.86 |
| Deposit with Banks | | |
| Term deposit with original maturity less than 3 months | 12,055.00 | 5,046.52 |
| Total | 21,973.03 | 34,867.18 |

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)

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Earmarked Funds | | |
| Balances with Banks | | |
| Current account (SGM Contribution) | 1,659.86 | 681.11 |
| Term deposits with banks with maturity less than 3 months | | |
| Term deposits with Banks - (SGM - NFS Contribution) | 2,797.00 | 5,334.00 |
| Term deposits with Banks - (SGM - IMPS Contribution) | 25,450.00 | 19,399.00 |
| Term deposits with Banks - (SGM - BBPS Contribution) | 1,149.89 | - |
| Term deposits with Banks - (AEPS - Collateral) | 170.00 | 80.00 |
| Term deposits with Banks - (NETC - Collateral) | 19.00 | 22.00 |
| Term deposits with Banks - (Technology Reserve) | 11,072.00 | 2,797.00 |
| Term deposits with Banks - (Risk Cover) | 6,975.00 | 6,000.00 |
| Term deposits with Banks - (Sustainability Reserve) | 4,776.00 | 4,399.00 |
| with maturity more than 3 months but less than 12 months | | |
| Term deposits with Banks - (SGM - NFS Contribution) | 8,694.00 | 9,877.53 |
| Term deposits with Banks - (SGM - IMPS Contribution) | 17,284.00 | 23,961.00 |
| Term deposits with Banks - (SGM - BBPS Contribution) | 2,389.00 | - |
| Term deposits with Banks - (AEPS - Collateral) | 3,417.00 | 428.00 |
| Term deposits with Banks - (NETC - Collateral) | 181.00 | 27.00 |
| Term deposits with Banks - (UPI - Collateral) | 18,205.00 | 530.00 |
| Term deposits with Banks - (Technology Reserve) | 16,229.00 | 19,703.00 |
| Term deposits with Banks - (Risk Cover) | 8,672.00 | 5,647.00 |
| Term deposits with Banks - (RuPay SGM Reserve) | 100.00 | 100.00 |
| Term deposits with Banks - (Sustainability Reserve) | 25,224.00 | 15,601.00 |
| Term deposits with Banks - (NFS SGM Reserve) | 1,000.00 | 1,000.00 |
| Term deposits with Banks - (RuPay SGM Collateral) | 5,457.00 | - |
| Term deposits with Banks - (NACH SGM Collateral) | 2,022.00 | - |
| Sub Total | 1,62,942.75 | 1,15,586.64 |
| Term Deposit with Banks | | |
| Original maturity more than 3 month but less than 12 months with Banks (Not Callable) | 52,352.00 | 51,690.00 |
| Sub Total | 52,352.00 | 51,690.00 |
| Total | 2,15,294.75 | 1,67,276.64 |

2.13 Other Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Advances to Employees | 146.96 | 54.70 |
| Unamortised Advance Rental | 37.50 | 38.09 |
| Deposit with insurance companies | 10.33 | 47.03 |
| Settlement Guarantee Fund | 16.56 | - |
| Interest Accrued but not due (other than SGM contribution deposits) | 1,575.55 | 894.50 |
| Interest Accrued but not due - Govt. Securities | 563.04 | 471.24 |
| Interest Accrued but not due (NFS SGM Contributions) | 16.31 | 103.38 |
| Interest Accrued but not due (IMPS SGM Contributions) | 67.32 | 168.69 |
| Interest Accrued but not due (BBPS SGM Contributions) | 8.41 | 1.83 |
| Interest Accrued on deposits | 20.86 | - |
| Interest Receivable on Income Tax Refund AY 2020-21 | 1,424.41 | - |
| Security deposit* | 176.46 | 56.53 |
| Term Deposit with Banks | | |
| Original maturity more than 12 month but current maturity less than 12 months with Banks (Not Callable) | 49,902.16 | 17,240.00 |
| Total | 53,965.87 | 19,076.00 |

*Security deposit represents and relates principally to leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc.

The company maintains exposure in cash and cash equivalents, term deposits with banks, investments in marketable debt

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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-2022 | As at 31-Mar-2021 |
|---------------------------------------|----------------------|----------------------|
| Advance Income Tax - FY 2021-22 (Net) | 151.38 | - |
| Advance Income Tax - FY 2020-21 (Net) | 1,263.28 | 1,258.60 |
| Advance Income Tax - FY 2019-20 (Net) | 475.25 | 475.82 |
| 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 |
| Total | 3,997.27 | 3,841.78 |

2.15 Other Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------------|----------------------|----------------------|
| Prepaid Expenses | 3,293.56 | 1,080.60 |
| GST Input/Cenvat Credit | 9,821.81 | 5,035.04 |
| Advances to Vendors | 11,582.73 | 6,333.57 |
| TDS Receivable | - | 12.04 |
| Accrued Income | 45.16 | - |
| Total | 24,743.26 | 12,461.26 |

This includes Prepaid insurance for RuPay Card amounting to Rs.1,056.98 lakhs in current year (PY Rs.223.88 lakhs). The RuPay card as a feature provides accidental coverage to certain 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, 2022 were as follows:

Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Receivable | 7,726.20 | 5,747.23 |
| Cash & Cash Equivalents | 21,973.03 | 35,548.29 |
| Bank balances other than Cash & Cash Equivalents | 2,19,521.86 | 64,826.00 |
| Investments | 70,513.98 | 75,224.94 |
| Other Financial Assets | 47,877.16 | 1,20,358.71 |
| Total Financial Assets | 3,67,612.23 | 3,01,705.17 |

Financial Liabilities

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|------------------------------------|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Payables | 10,006.04 | 3,602.30 |
| Lease liabilities | 5,026.35 | 3,943.60 |
| Other Financial Liabilities | 1,09,693.13 | 78,098.70 |
| Total Financial Liabilities | 1,24,725.52 | 85,644.60 |

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-2022 | As at 31-Mar-2021 |
|--------------------------|----------------------|----------------------|
| Government Securities | 32,318.07 | 27,656.12 |
| Total | 32,318.07 | 27,656.12 |

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:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|------------------------------|----------------------|----------------------|
| Revenue from Top Customer | 16% | 20% |
| Revenue from Top 5 Customers | 44% | 43% |

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH) 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, 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Foreign Currency Risk Exposures

(Amount ₹ in Lakh)

| Particulars | As at | As at |
|------------------------------|-------------|-------------|
| | 31-Mar-2022 | 31-Mar-2021 |
| Financial Assets | | |
| Trade Receivables | 615.76 | 9.82 |
| Financial Liabilities | | |
| Trade Payables | 75.52 | 304.46 |

EQUITY AND LIABILITIES

2.16 Equity Share Capital

(Amount ₹ in Lakh)

| Particulars | As at | As at |
|---|------------------|------------------|
| | 31-Mar-2022 | 31-Mar-2021 |
| Authorised | | |
| 3,00,00,000 Equity Shares of Rs. 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 | | |
| 1,45,26,600 Equity Shares of Rs. 100 each (PY 1,45,26,600 Equity share of ₹ 100 each) | 14,526.60 | 14,526.60 |
| Subscribed and Paid up Capital | | |
| Opening Balance | | |
| 1,40,36,692 Equity Shares of Rs. 100 each fully paid up (PY 1,33,86,700 Equity share of ₹ 100 each) | 14,036.69 | 13,386.70 |
| Addition during the year | | |
| NIL Equity Shares of Rs. 100 each fully paid up (PY 6,49,992 Equity Shares of Rs. 100 each fully paid up) | – | 649.99 |
| Total | 14,036.69 | 14,036.69 |

Reconciliation of shares outstanding at the beginning and end of the year ended 31st March, 2022.

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | |
|---|-------------------|-----------|-------------------|-----------|
| | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 1,40,36,692 | 14,036.69 | 1,33,86,700 | 13,386.70 |
| Addition during the year | – | – | 6,49,992 | 649.99 |
| Shares outstanding at the end of the year | 1,40,36,692 | 14,036.69 | 1,40,36,692 | 14,036.69 |

Terms/Rights attached to Equity Shares:

The Company has only one class of equity shares having a face value of INR 100 each.

In the period of five years immediately preceding 31st March, 2022:

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Details of Shareholders holding more than 5% share in the Company

(Amount ₹ in Lakh)

| Name of Shareholders | Equity Shares | | | |
|----------------------|--------------------|--------------|--------------------|--------------|
| | As at 31-Mar-2022 | | As at 31-Mar-2021 | |
| | No. of shares held | % of holding | No. of shares held | % of holding |
| State Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Union Bank of India | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Bank of Baroda | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Punjab National Bank | 12,84,000 | 9.15 | 12,84,000 | 9.15 |
| Canara Bank | 11,42,000 | 8.14 | 11,42,000 | 8.14 |
| ICICI Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| HDFC Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| HSBC Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 |
| Citibank N.A | 10,00,000 | 7.12 | 10,00,000 | 7.12 |

Details of shareholding of promoters as at 31-Mar-2022

(Amount ₹ in Lakh)

| Promoter's Name | Shares held by promoters at the end of the Year | | | | % Change during the Year |
|----------------------|---|--------------|--------------------|--------------|--------------------------|
| | FY 2021-22 | | FY 2020-21 | | |
| | No. of shares held | % of holding | No. of shares held | % of holding | |
| State Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |
| Union Bank of India | 12,84,000 | 9.15 | 12,84,000 | 9.15 | - |
| Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |
| Bank of Baroda | 12,84,000 | 9.15 | 12,84,000 | 9.15 | - |
| Punjab National Bank | 12,84,000 | 9.15 | 12,84,000 | 9.15 | - |
| Canara Bank | 11,42,000 | 8.14 | 11,42,000 | 8.14 | - |
| ICICI Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |
| HDFC Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |
| HSBC Limited | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |
| Citibank N.A | 10,00,000 | 7.12 | 10,00,000 | 7.12 | - |

Details of shareholding of promoters as at 31-Mar-2021

(Amount ₹ in Lakh)

| Promoter's Name | Shares held by promoters at the end of the Year | | | | % Change during the Year |
|----------------------|---|--------------|--------------------|--------------|--------------------------|
| | FY 2020-21 | | FY 2019-20 | | |
| | 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 | 0.95 |
| Union Bank of India | 12,84,000 | 9.15 | 10,00,000 | 7.47 | 1.22 |
| Bank of India | 10,00,000 | 7.12 | 10,00,000 | 7.47 | 0.95 |
| Bank of Baroda | 12,84,000 | 9.15 | 12,84,000 | 9.59 | 0.95 |
| Punjab National Bank | 12,84,000 | 9.15 | 10,00,000 | 7.47 | 1.22 |
| Canara Bank | 11,42,000 | 8.14 | 10,00,000 | 7.47 | 1.09 |
| ICICI Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.47 | 0.95 |
| HDFC Bank Limited | 10,00,000 | 7.12 | 10,00,000 | 7.47 | 0.95 |
| HSBC Limited | 10,00,000 | 7.12 | 10,00,000 | 7.47 | 0.95 |
| Citibank N.A | 10,00,000 | 7.12 | 10,00,000 | 7.47 | 0.95 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Non-Current Liabilities

Financial Liabilities

2.18 Lease Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 4,106.05 | 2,650.14 |
| Total | 4,106.05 | 2,650.14 |

2.19 Other financial liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| SGM Contribution - NFS | 13,242.56 | 15,758.25 |
| SGM Contribution - IMPS | 37,719.97 | 43,764.15 |
| SGM Contribution - BBPS | 3,716.78 | - |
| SGM Contribution - AEPS | 6,364.41 | - |
| SGM Contribution - NETC | 344.75 | - |
| SGM Contribution - UPI | 19,262.98 | - |
| SGM Contribution - RuPay | 5,711.04 | - |
| SGM Contribution - NACH | 2,526.22 | - |
| Deposit- Collateral AEPS/NETC/UPI | 439.61 | 1,548.61 |
| Deposit - Collateral RuPay International alliances | 8,045.58 | 8,045.58 |
| Total | 97,373.90 | 69,116.59 |

SGM Contribution – NFS ATM Switching

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NFS Balance at the Beginning | 15,758.25 | 13,686.58 |
| Add : Contribution Received during the Year | 5,948.84 | 1,796.75 |
| Less : Contribution Refunded during the Year | (8,752.10) | - |
| Subtotal (A) | 12,954.99 | 15,483.33 |
| Interest Received on SGM- NFS investments | 504.44 | 814.05 |
| Less: Expenses | (114.15) | (425.43) |
| Less: Salary Expense of SGM adjusted against income | (3.61) | (21.26) |
| Less: Income Tax | (99.10) | (92.47) |
| Subtotal (B) | 287.57 | 274.90 |
| SGM NFS Balance at the end (A+B) | 13,242.56 | 15,758.25 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022 is ₹ 13,242.56 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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

SGM Contribution – IMPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- IMPS Balance at the Beginning | 43,764.15 | 37,878.14 |
| Add : Contribution Received during the Year | 18,903.49 | 5,585.56 |
| Less : Contribution Refunded during the Year | (25,890.82) | (38.50) |
| Subtotal (A) | 36,776.82 | 43,425.20 |
| Interest Received on SGM- IMPS Investments | 1,717.88 | 1,798.19 |
| Less: Expenses | (435.88) | (1,323.98) |
| Less: Salary Expense of SGM adjusted against Income | (13.80) | (21.26) |
| Less: Income Tax | (325.04) | (114.01) |
| Subtotal (B) | 943.16 | 338.95 |
| SGM IMPS Balance at the end (A+B) | 37,719.97 | 43,764.15 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022 is ₹ 37,719.97 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.

SGM Contribution – BBPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- BBPS Balance at the Beginning | - | 365.10 |
| Add : Contribution Received during the Year | 4,073.70 | 767.83 |
| Less : Contribution Refunded during the Year | (395.87) | - |
| Subtotal (A) | 3,677.83 | 1,132.93 |
| Transfer from NPCI as part of Business Transfer Agreement | 15.17 | - |
| Interest Received on SGM- BBPS Investments | 64.34 | 46.19 |
| Less: Expenses | (30.54) | (18.80) |
| Less: Salary Expense of SGM adjusted against Income | (2.02) | (4.72) |
| Less: Income Tax | (8.00) | (5.71) |
| Subtotal (B) | 38.95 | 16.96 |
| Less : Considered under Non current asset held for sale(c) | - | 1,149.89 |
| SGM BBPS Balance at the end (A+B-C) | 3,716.78 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 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, 2022, is NIL . 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.

SGM Contribution – AEPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- AEPS Balance at the Beginning | 453.00 | 441.00 |
| Add : Contribution Received during the Year | 6,372.25 | 30.00 |
| Less : Contribution Refunded during the Year | (401.16) | (18.00) |
| Subtotal (A) | 6,424.09 | 453.00 |
| Interest Received on SGM- AEPS Investments | 56.10 | - |
| Less: Expenses | (132.17) | - |
| Less: Salary Expense of SGM adjusted against Income | (4.18) | - |
| Less: Income Tax | 20.57 | - |
| Subtotal (B) | (59.68) | - |
| SGM AEPS Balance at the end (A+B) | 6,364.41 | 453.00 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for AEPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing AEPS 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, 2022 is ₹ 6,364.41 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.

SGM Contribution – NETC

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NETC Balance at the Beginning | 99.00 | 87.00 |
| Add : Contribution Received during the Year | 288.38 | 12.00 |
| Less : Contribution Refunded during the Year | (47.00) | - |
| Subtotal (A) | 340.38 | 99.00 |
| Interest Received on SGM- NETC Investments | 8.47 | - |
| Less: Expenses | (2.52) | - |
| Less: Salary Expense of SGM adjusted against Income | (0.08) | - |
| Less: Income Tax | (1.51) | - |
| Subtotal (B) | 4.36 | - |
| SGM NETC Balance at the End (A+B) | 344.75 | 99.00 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for NETC proposed by the Company. In line with the guidelines, the Company has collected from banks availing NETC 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, 2022 is ₹ 344.75 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.

SGM Contribution – UPI

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- UPI Balance at the Beginning | 500.00 | 500.00 |
| Add : Contribution Received during the Year | 19,384.45 | - |
| Less : Contribution Refunded during the Year | (378.06) | - |
| Subtotal (A) | 19,506.39 | 500.00 |
| Interest Received on SGM- UPI Investments | 214.29 | - |
| Less: Expenses | (524.97) | - |
| Less: Salary Expense of SGM adjusted against Income | (16.62) | - |
| Less: Income Tax | 83.89 | - |
| Subtotal (B) | (243.41) | - |
| SGM UPI Balance at the End (A+B) | 19,262.98 | 500.00 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for UPI proposed by the Company. In line with the guidelines, the Company has collected from banks availing UPI 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, 2022 is ₹19,262.98 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

SGM Contribution – RuPay

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- RuPay Balance at the Beginning | - | - |
| Add : Contribution Received during the Year | 6,736.62 | - |
| Less : Contribution Refunded during the Year | (958.42) | - |
| Subtotal (A) | 5,778.20 | - |
| Interest Received on SGM- RUPAY Investments | 61.75 | - |
| Less: Expenses | (147.40) | - |
| Less: Salary Expense of SGM adjusted against Income | (4.66) | - |
| Less: Income Tax | 23.15 | - |
| Subtotal (B) | (67.16) | - |
| SGM RuPay Balance at the End (A+B) | 5,711.04 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for RuPay proposed by the Company. In line with the guidelines, the Company has collected from banks availing RUPAY 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, 2022 is ₹ 5,711.04 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.

SGM Contribution – NACH

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| SGM- NACH Balance at the Beginning | - | - |
| Add : Contribution Received during the Year | 2,574.77 | - |
| Less : Contribution Refunded during the Year | (10.00) | - |
| Subtotal (A) | 2,564.77 | - |
| Interest Received on SGM- NACH Investments | 10.48 | - |
| Less: Expenses | (60.40) | - |
| Less: Salary Expense of SGM adjusted against Income | (1.91) | - |
| Less: Income Tax | 13.28 | - |
| Subtotal (B) | (38.55) | - |
| SGM NACH Balance at the End (A+B) | 2,526.22 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Settlement Guarantee Mechanism Guidelines for NACH proposed by the Company. In line with the guidelines, the Company has collected from banks availing NACH 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, 2022 is ₹ 2,526.22 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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.20 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---------------------------------|----------------------|----------------------|
| Deferred Tax Liabilities | | |
| Property, Plant & Equipment | 1,874.98 | 2,241.22 |
| Right of use Assets | 1,136.47 | 916.54 |
| Other Comprehensive Income | 5.57 | - |
| Deferred Tax Assets | | |
| Lease Liability | (1,265.58) | (992.56) |
| Gratuity - Provision | (99.08) | (82.87) |
| Leave encashment -Provision | (98.08) | (75.60) |
| Government Securities | (5.45) | (32.24) |
| Share Issue Expenses | (4.26) | (5.67) |
| Allowance for Credit Losses | - | (13.82) |
| Income tax loss | (74.39) | (118.94) |
| Preliminary expenses | (31.57) | - |
| Total | 1,438.61 | 1,836.06 |

2.21 Long Term Provisions

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------------------|----------------------|----------------------|
| Provision for Gratuity (net) | 189.92 | 295.59 |
| Provision for Leave encashment (net) | 260.63 | 309.46 |
| Total | 450.55 | 605.05 |

2.22 Other Non Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|----------------------|----------------------|
| Service Charges (Network) received in advance | 814.37 | 468.08 |
| Total | 814.37 | 468.08 |

Current Liabilities

Financial Liabilities (Current)

2.23 Lease Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 920.30 | 1,293.46 |
| Total | 920.30 | 1,293.46 |

2.24 Trade Payables

Trade Payables as at 31-Mar-2022

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Un- billed | Not Due | Total |
|--|--|-----------------|----------------|----------------------|-----------------|---------------|---------------|------------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | | | |
| Micro and Small Enterprises | 23.88 | - | - | - | 23.88 | - | - | 23.88 |
| Other than Micro and Small Enterprises | 7,342.23 | 2,195.99 | - | - | 9,538.22 | - | 466.20 | 10,004.42 |
| Disputed dues- Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues- Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 7,366.11 | 2,195.99 | - | - | 9,562.10 | - | 466.20 | 10,028.30 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Trade Payables as at 31-Mar-2021

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Un-billed | Not Due | Total |
|---|---|-----------------|--------------|-------------------|-----------------|-----------|----------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | | | |
| Micro and Small Enterprises | 1.18 | - | - | - | 1.18 | - | - | 1.18 |
| Other than Micro and Small Enterprises | 2,376.66 | 1,045.47 | 19.45 | 40.77 | 3,482.35 | - | - | 3,482.35 |
| Disputed dues- Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues- Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 2,377.84 | 1,045.47 | 19.45 | 40.77 | 3,483.53 | - | - | 3,483.53 |

2.25 Other Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|----------------------------------|-------------------|-------------------|
| Statutory Liabilities* | 6,833.21 | 4,315.28 |
| Payable for MORD | 5.01 | 2,423.92 |
| Security Deposit | 1.58 | 1.58 |
| Earnest Money Deposit | 310.41 | 287.88 |
| Sundry creditors - Capital asset | 5,155.66 | 1,815.62 |
| Other Payables | 3,730.14 | 137.83 |
| Total | 16,036.01 | 8,982.11 |

*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-2022 | As at 31-Mar-2021 |
|--|-------------------|-------------------|
| Advance for Centralised Promotion of IMPS (Net)* | 0.40 | 7.90 |
| Advance from Customer | 518.68 | 2,993.45 |
| Service Charges (Network) received in advance | 203.31 | 23.22 |
| Total | 722.39 | 3,024.57 |

*The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount as at 31st March, 2022 is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|-------------------|-------------------|
| Opening balance | 7.90 | 7.90 |
| Less : Expenses towards Centralised Promotion of IMPS | (7.50) | - |
| Closing Balance | 0.40 | 7.90 |

2.27 Provisions

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------------------|-------------------|-------------------|
| Provision for Expenses | 22,684.35 | 26,733.05 |
| Provision for Gratuity (net) | 14.76 | - |
| Provision for Leave encashment (net) | 12.33 | - |
| Total | 22,711.44 | 26,733.05 |

The movement in the provision for expenses is as follows:

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---------------------------------------|----------------------|----------------------|
| Balance at the Beginning of the Year | 27,338.10 | 23,996.91 |
| Provision during the Year | 20,303.95 | 22,273.56 |
| Less : Provision Utilised/Reversed | (24,480.06) | (18,932.37) |
| Balance at the end of the Year | 23,161.99 | 27,338.10 |

2.28 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--------------------------------------|----------------------|----------------------|
| Provision for Tax - FY 2022-23 (Net) | 41.35 | - |
| Provision for Tax - FY 2018-19 (Net) | 16,033.75 | 16,033.75 |
| Provision for Tax - FY 2017-18 (Net) | 12,350.68 | 12,350.68 |
| Provision for Tax - FY 2016-17 (Net) | 16.88 | 16.88 |
| Provision for Tax - FY 2011-12 (Net) | - | 795.41 |
| Provision for Tax - FY 2009-10 (Net) | - | 522.03 |
| Provision for Tax - FY 2010-11 (Net) | 565.91 | 565.91 |
| Total | 29,008.57 | 30,284.66 |

Income Taxes

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

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|----------------------------|---------------------------|---------------------------|
| Current Taxes | 26,925.00 | 15,700.00 |
| Deferred Taxes | (407.01) | (148.82) |
| Income Tax Expenses | 26,517.99 | 15,551.18 |

A Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2022:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Surplus before tax (including exceptional Items) | 1,02,436.79 | 57,503.53 |
| Applicable Tax Rate | 25.17 | 25.17 |
| Computed Expected Tax Expense | 25,781.29 | 14,587.62 |
| Items of Income not to offer for Tax | (12.08) | (14.81) |
| Interest Income on Security Deposits(FV) | (8.26) | (11.47) |
| Increase in Interest on G Sec-EIR | (3.82) | (3.34) |
| Items of Expense not deductible for Tax purposes: | 464.30 | 755.77 |
| Provision for Straight Lining of Leases reversed | 104.98 | 72.14 |
| Rental Expenses (Security Deposits) | 21.98 | 11.61 |
| CSR Expenses | 257.50 | 500.88 |
| Other Disallowance - Gratuity and Leave Encashment Provisions and others | 79.84 | 171.14 |
| Items of Expense deductible for Tax purposes: | 690.85 | 371.09 |
| Excess Depreciation as per Income Tax | 780.29 | 372.51 |
| 1/5th Amortisation of Share Issue Expenses | (6.79) | (1.42) |
| Others | (82.65) | - |
| Total | 26,924.37 | 15,699.66 |
| Tax Expense Recognised during the Year | 26,924.37 | 15,699.66 |
| Rounded off | 26,925.00 | 15,700.00 |

The applicable Indian Statutory tax rate for financial year 2022 is 25.17%.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.29 Revenue from Operations:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|------------------------------|---------------------------|---------------------------|
| Income from Payment services | 1,56,664.47 | 1,07,057.18 |
| Certification income | 1,039.00 | 947.46 |
| Network income | 1,754.65 | 3,044.37 |
| Other operating income* | 3,493.79 | 1,110.76 |
| Grants and Donations | - | - |
| Total | 1,62,951.91 | 1,12,159.77 |

*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-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Interest Income on deposits | 9,660.11 | 6,918.15 |
| Interest Income on Govt Securities & Bonds | 2,517.65 | 1,600.10 |
| Gain on Redemption of Investments | - | 6.73 |
| Income from T Bills | 434.93 | 856.22 |
| Interest Income on earmarked fund (NFS) SGM | 504.44 | 812.62 |
| Interest Income on earmarked fund (IMPS) SGM | 1,717.88 | 1,749.56 |
| Interest Income on earmarked fund (AEPS) SGM | 56.10 | - |
| Interest Income on earmarked fund (NACH) SGM | 10.48 | - |
| Interest Income on earmarked fund (NETC) SGM | 8.47 | - |
| Interest Income on earmarked fund (RUPAY) SGM | 61.75 | - |
| Interest Income on earmarked fund (UPI) SGM | 214.29 | - |
| Interest Income on earmarked fund (BBPS) SGM | 64.38 | 46.10 |
| Interest on Income Tax Refund | 1,425.13 | 1,819.97 |
| Reversal of Provision for Expenses | 6,378.38 | 487.64 |
| Liquidated damages | 2.14 | 39.35 |
| Other Miscellaneous Income | 4.47 | 113.20 |
| Total | 23,060.60 | 14,449.64 |

There was no transaction relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income tax act, 1961 (43 of 1961)

2.31 Operating Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---------------------------------|---------------------------|---------------------------|
| Annual Maintenance Charges - IT | 6,210.85 | 5,211.79 |
| Network Expenses | 3,157.89 | 2,093.93 |
| Testing & Certification Charges | 546.13 | 645.70 |
| Data Centre Rentals | 167.23 | 431.43 |
| Data Centre Power & Fuel | 785.93 | 814.34 |
| Total | 10,868.03 | 9,197.19 |

2.32 Employee Benefit Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|----------------------------------|---------------------------|---------------------------|
| Salary & Allowances | 16,932.74 | 14,536.62 |
| Contribution to Employee Benefit | 855.76 | 774.98 |
| Staff Welfare | 917.23 | 402.08 |
| Outsourcing Cost | 1,047.33 | 1,275.95 |
| Total | 19,753.06 | 16,989.63 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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-2022 | As at 31-Mar-2021 |
| Present Value of Obligation | (965.51) | (1,092.76) |
| Fair Value of Plan Assets | 777.32 | 734.89 |
| Funded Status - (Surplus) /Deficit | (188.19) | (357.87) |
| Net Asset /(Liability) recognised in the Balance Sheet | (188.19) | (357.87) |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Current Service Cost | 261.86 | 219.23 |
| Interest Cost | 65.06 | 47.41 |
| Expected Return on Plan Asset | (45.20) | (38.70) |
| Total Expense / (Income) charged to Income and Expenditure Account | 281.72 | 227.94 |

| (Amount ₹ in Lakh) | | |
|---|----------------------|----------------------|
| Reconciliation of amounts in Balance Sheet | As at 31-Mar-2022 | As at 31-Mar-2021 |
| Opening Net Defined Benefit Liability /(Asset) | 417.10 | 178.70 |
| Total Expense /(Income) recognised in Income and Expenditure | 281.72 | 227.94 |
| Actual Employer Contribution | (219.47) | (193.48) |
| Total Re-measurements recognised in Other Comprehensive Income/(Loss) | (93.41) | 144.70 |
| Liability / (Asset) recognised in the Balance sheet | 385.94 | 357.86 |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Change in Present Value of Obligation during the year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Present Value of Obligation at the beginning of the Year | 1,151.99 | 783.37 |
| Current Service Cost | 260.21 | 219.23 |
| Interest Cost | 66.71 | 47.41 |
| Actuarial (Gain)/Loss on Obligation | (96.50) | 151.72 |
| Benefits Paid | (219.15) | (108.97) |
| Present Value of Obligation at the end of the year | 1,163.26 | 1,092.76 |

| (Amount ₹ in Lakh) | | |
|---|---------------------------|---------------------------|
| Change in Fair Value of Plan Assets during the year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
| Fair Value of Plan Assets at the Beginning of the year | 734.89 | 604.67 |
| Expected Return on Plan Assets | 45.20 | 38.70 |
| Contributions Made | 219.47 | 197.03 |
| Benefits Paid | (219.15) | (108.97) |
| Actuarial Gain/(Loss) on Plan Assets | (3.08) | 3.47 |
| Fair value of plan Assets at the end of the year | 777.33 | 734.90 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

(Amount ₹ in Lakh)

| Amount recognised in other comprehensive income | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Opening amount recognised in OCI | 324.39 | 176.14 |
| Re-measurements due to : | | |
| Effect of Change in Financial Assumption | (24.17) | 100.15 |
| Effect of Change in Demographic Assumption | - | 1.65 |
| Effect of Experience Adjustments | (72.33) | 49.92 |
| Actuarial (Gain)/Losses | (96.50) | 151.72 |
| Return on Plan Assets (excluding Interest) | 3.08 | (3.47) |
| Total Re-measurements recognised in OCI | (93.42) | 148.25 |
| Amount recognised in OCI at the end of the year | 230.97 | 324.39 |
| Actuarial assumptions | | |
| Discount Rate | 6.55% | 6.15% |
| Expected Rate of Return on Assets | 6.55% | 6.15% |
| Employee Attrition Rate | 15.00% | 15.00% |
| Future Salary Increases considering Inflation, Seniority, Promotion | 8.00% | 8.00% |

History of Defined Benefit Obligation (DBO), Asset values, Surplus / Deficit, Experience Gain / Losses

(Amount ₹ in Lakh)

| Particulars | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 1,163.26 | 1,151.99 | 783.37 | 579.86 | 402.41 |
| Plan Assets | 777.32 | 763.50 | 604.67 | 443.97 | 316.34 |
| (Surplus)/Deficit | 385.94 | 388.49 | 178.70 | 135.89 | 86.07 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (3.08) | 3.47 | 0.32 | (0.95) | (9.47) |
| Assumptions (Gain) / Loss | (24.17) | 101.79 | 37.87 | 8.53 | (12.71) |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (72.33) | 49.92 | 31.79 | 56.17 | 7.19 |
| Total Actuarial (Gain)/Loss | (96.50) | 151.72 | 69.66 | 64.69 | (5.52) |

Sensitivity Analysis

| Particulars | Increase / Decrease | Change in assumption | Change in Plan obligation |
|--------------------------------|------------------------|-------------------------|------------------------------|
| | | FY 2021-22 | |
| Discount rate (per annum) | Increase | 0.40% | -2.49% |
| | Decrease | 0.40% | 2.62% |
| Salary Growth rate (per annum) | Increase | 0.40% | 1.67% |
| | Decrease | 0.40% | -1.72% |

(Amount ₹ in Lakh)

| Expected Cash Flow | 31-Mar-22 | 31-Mar-21 |
|--------------------|-----------|-----------|
| Year 1 | 171.71 | 134.34 |
| Year 2 | 167.57 | 142.23 |
| Year 3 | 151.06 | 148.08 |
| Year 4 | 147.51 | 133.42 |
| Year 5 | 137.00 | 132.69 |
| Year 6 to 10 | 493.84 | 459.97 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Leave Encashment Plan

(Amount ₹ in Lakh)

| Net Asset / (Liability) recognised in the Balance Sheet | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|------------------------------|------------------------------|
| Present Value of Obligation | (612.59) | (801.56) |
| Fair Value of Plan Assets | 369.15 | 480.14 |
| Net Funded Obligation | (243.44) | (321.41) |
| Net Asset / (Liability) recognised in the Balance Sheet | (243.44) | (321.41) |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|-----------------------------------|-----------------------------------|
| Current Service Cost | 222.67 | 206.02 |
| Interest Cost | 46.27 | 36.40 |
| Net Actuarial (Gain)/Loss recognised during the Year | (213.47) | 8.08 |
| Expected Return on Plan Asset | (29.53) | (12.98) |
| Total Expense/(Income) charged to Income and Expenditure Account | 25.94 | 237.52 |

(Amount ₹ in Lakh)

| Reconciliation of Net Defined Benefit Liability /(Asset) | As at 31-Mar-2022 | As at 31-Mar-2021 |
|---|------------------------------|------------------------------|
| Opening Net Defined Benefit Liability/(Asset) | 374.82 | 449.40 |
| Total Expense (Income) recognised in Income and Expenditure Account | 25.94 | 237.52 |
| Actual Employer Contribution | (16.55) | (365.51) |
| Liability/(Asset) recognised in the Balance Sheet | 384.21 | 321.41 |

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the Year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|-----------------------------------|-----------------------------------|
| Present Value of Obligation at the beginning of the Year | 854.96 | 652.17 |
| Current Service Cost | 223.12 | 206.02 |
| Interest Cost | 47.58 | 36.40 |
| Actuarial (Gain)/Loss on Obligation | (209.76) | 73.78 |
| Benefits Paid | (162.54) | (166.81) |
| Present Value of Obligation at the end of the Year | 753.36 | 801.56 |

(Amount ₹ in Lakh)

| Change in Assets during the Year | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|-----------------------------------|-----------------------------------|
| Fair Value of Plan Assets at the beginning of the Year | 480.14 | 202.77 |
| Expected Return on Plan Assets | 29.53 | 12.98 |
| Contributions Made | 16.55 | 365.51 |
| Benefits Paid | (162.54) | (166.81) |
| Actuarial Gain/(Loss) on Plan Assets | 5.47 | 65.70 |
| Fair Value of Plan Assets at the end of the Year | 369.15 | 480.15 |
| Actuarial Assumptions | | |
| Discount Rate | 6.55% | 6.15% |
| Expected Rate of Return on Assets | 6.55% | 6.15% |
| Employee Attrition Rate | 15.00% | 15.00% |
| Future Salary Increases considering Inflation, Seniority Promotion | 8.00% | 8.00% |
| Retirement Age | 60 years | 60 Years |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

History of Defined Benefit Obligation (DBO), Asset values, Surplus / Deficit, Experience Gain / Losses

(Amount ₹ in Lakh)

| Particulars | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 753.35 | 854.96 | 652.17 | 577.07 | 247.79 |
| Plan Assets | 369.15 | 480.14 | 202.77 | 69.27 | 205.93 |
| (Surplus)/Deficit | 384.20 | 374.82 | 449.40 | 507.80 | 41.86 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | 5.47 | 65.70 | 13.37 | (2.16) | 2.59 |
| Assumptions (Gain) / Loss | (16.65) | 89.72 | 30.88 | 7.97 | (7.08) |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (193.11) | (15.94) | 60.09 | 368.73 | 0.67 |
| Total Actuarial (Gain)/Loss | (209.77) | 73.78 | 90.97 | 376.70 | (6.41) |

Sensitivity Analysis

| Particulars | Increase / Decrease | Change in assumption | Change in Plan obligation |
|--------------------------------|---------------------|----------------------|---------------------------|
| | | FY 2021-22 | |
| Discount rate (per annum) | Increase | 0.40% | -2.50% |
| | Decrease | 0.40% | 3.07% |
| Salary Growth rate (per annum) | Increase | 0.40% | 2.58% |
| | Decrease | 0.40% | -2.48% |

(Amount ₹ in Lakh)

| Expected Cash Flow | 31-Mar-22 | 31-Mar-21 |
|--------------------|-----------|-----------|
| Year 1 | 127.61 | 121.23 |
| Year 2 | 108.83 | 105.33 |
| Year 3 | 97.21 | 99.43 |
| Year 4 | 89.74 | 88.79 |
| Year 5 | 78.53 | 88.03 |
| Year 6 to 10 | 303.45 | 312.48 |

2.33 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--|------------------------|------------------------|
| Rent Rates & Taxes | 469.51 | 262.62 |
| Travelling & Conveyance Expenses | 586.63 | 486.60 |
| Computer Consumables | 65.82 | 23.03 |
| Housekeeping | 137.62 | 123.63 |
| Travel Expenses - Overseas | 1.01 | 7.93 |
| Electricity | 189.96 | 136.22 |
| Meeting Expenses | 53.07 | 23.14 |
| Telephone & Communication Expenses | 108.88 | 142.33 |
| Security Charges | 111.85 | 83.88 |
| Office Maintenance | 200.16 | 187.90 |
| Sitting Fees to Directors | 80.00 | 61.65 |
| Travel Expenses - Directors | 2.00 | - |
| Boarding & Internet Expenses - Directors | 0.93 | 8.66 |
| Insurance- Cyber, Asset & Others | 442.43 | 357.30 |
| Repair & Maintenance Charges | 82.33 | 36.86 |
| Printing & Stationery | 40.53 | 16.04 |
| Hire & Rental Equipment | 37.07 | 137.79 |
| Internal Audit Fees | 45.48 | 58.18 |
| Postage & courier | 24.65 | 7.28 |
| Staff Relocation Expenses | 40.90 | 12.99 |
| Bank Charges | 3.51 | 4.58 |
| Employer - Profession Tax | 0.21 | 0.13 |
| Preliminary Expenses | 156.45 | 39.11 |
| Total | 2,881.00 | 2,217.84 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.34 Depreciation and Amortisation expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|-------------------------------------|---------------------------|---------------------------|
| Depreciation on Tangible assets | 6,829.57 | 6,114.76 |
| Amortisation on Intangible assets | 7,061.38 | 6,208.12 |
| Depreciation on Right of use assets | 1,542.95 | 1,712.35 |
| Total | 15,433.90 | 14,035.23 |

2.35 Other expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|---------------------------|---------------------------|
| Professional Fees | 2,623.03 | 1,969.12 |
| Legal fees | 49.60 | 101.21 |
| Insurance - RuPay* | 350.70 | 1,778.89 |
| Marketing Expenses | 10,005.27 | 4,566.20 |
| Airport Lounge Fees | - | 649.63 |
| POS enablement- International Alliance | - | 999.13 |
| UPI Media Campaign expenses | 1,905.84 | 650.00 |
| Contribution to Payment Infrastructure Development Fund-RBI | 2,158.59 | 3,550.00 |
| Advertisement / Promotion Expenses | 9,123.37 | 477.23 |
| RuPay Credit card Incentive | 6,675.00 | 4,657.00 |
| Paper to Follow - CTS Charges | 250.74 | 369.70 |
| Training and Seminar | 614.76 | 689.69 |
| Software & IT Expenses | 512.04 | 332.69 |
| Membership Fees/Subsription | 246.62 | 274.47 |
| Processing fees - Line of Credit / SGM Expenses | 1,448.03 | 1,777.61 |
| Recruitment Expenses | 216.92 | 177.88 |
| Foreign Exchange (gain)/loss | 12.44 | 13.12 |
| CSR Expenses*** | 947.45 | 1,990.14 |
| Escrow Agency fees | 33.83 | - |
| Asset written off | 0.41 | 50.05 |
| Other Write off | 5.96 | 5.28 |
| Auditor's Remuneration** | 11.51 | 10.60 |
| Tax Audit fees | 2.30 | 1.40 |
| Interest Charge (IND AS Lease) | 417.10 | 286.62 |
| GST Audit Fees | - | 2.00 |
| Allowance for Credit Losses | (54.91) | 54.91 |
| Licence Fees | 120.00 | - |
| Interest on MSME | 3.10 | - |
| Miscellaneous Expenses | 159.66 | 208.46 |
| Total | 37,839.36 | 25,643.03 |

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

** Auditor's Remuneration

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|-------------------------------|---------------------------|---------------------------|
| Statutory Audit Fees | 7.86 | 7.75 |
| Audit Fees for Limited Review | 3.65 | 2.85 |
| Total | 11.51 | 10.60 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

*** 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.

(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 | 947.45 | 103.55 | 1,051.00 |

(Amount ₹ in Lakh)

| Amount Spent during the Year : | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|---|--|--|
| i) Amount required to be spent by the company during the year | 1,051.00 | 899.00 |
| ii) Amount of expenditure incurred | 947.45 | 1,990.14 |
| iii) Shortfall at the end of the year | 103.55 | - |
| iv) Total of previous years shortfall/ (excess) | - | (1,091.14) |
| v) Reason for shortfall | * | NA |
| vi) Nature of CSR activities | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance |
| vii) Details of Related Party Transaction | NA | NA |
| viii) Details related to Movement of Provision | 103.55 | - |

*1. The total allocated budget was assigned to projects for the FY 2021-22 but some projects slowed down due to following reasons:

- The schools were closed for extended period due to Covid scare that slowed down the progress of projects
- permissions from district education department did not come through due to which, those activities had to be moved to next Financial year

2. The unspent amount has been transferred to Unspent CSR account as per the MCA FAQ guidelines.

2.36 Earnings per Share

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|------------------------|------------------------|
| For Continuing operations | | |
| Net Surplus as per statement of Income and Expenditure | 77,339.23 | 42,975.31 |
| Weighted Average Number of Equity Shares | 140.37 | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | 550.98 | 315.53 |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | 550.98 | 315.53 |
| For Discontinued operations | | |
| Net Surplus as per statement of Income and Expenditure | - | (1,022.97) |
| Weighted Average Number of Equity Shares | - | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | - | (7.51) |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | - | (7.51) |
| For Continuing & Discontinued operations | | |
| Net Surplus as per statement of Income and Expenditure | 77,339.23 | 41,952.34 |
| Weighted Average Number of Equity Shares | 140.37 | 136.20 |
| EPS : | | |
| (1) Basic EPS (Face value ₹ 100 per Equity Share) | 550.98 | 308.02 |
| (2) Diluted EPS (Face value ₹ 100 per Equity Share) | 550.98 | 308.02 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

NPCI was granted approval from RBI vide letter DPSS.CO.AD.No.S21/02.14.004/2019-20 dated 24th March 2021 for granting approval for transferring the license granted to NPCI along with all rights and obligations attached thereto with respect to BBPCU to NPCI Bharat BillPay Limited (NBBL). The same was proposed to be with effect from 1st April 2021 by NPCI. Subsequently, the Business Transfer Agreement (BTA) was executed on 7th May, 2021 between National Payments Corporation of India (NPCI) and NPCI Bharat BillPay Limited (NBBL). The assets transferred amongst other things included Information Technology assets, Intellectual Properties related to Bharat Bill Payment Service(BBPS), etc. On account of the transfer of the BBPCU unit the company has earned gain of Rs.3,312.30 reported as exceptional items in Income & Expenditure account.

As per the Business Transfer Agreement, the total asset taken over was of Rs. 3,783.00 lakhs and the liability taken over is of Rs. 363.00 lakhs. The same was arrived as per the valuation dated 6th May, 2021 done by experts appointed for this purpose. Accordingly, a consideration of Rs. 3,420.00 lakhs was remitted from NBBL to NPCI on 7th May, 2021. The operations of BBPCU are now being handled by NPCI Bharat BillPay Limited.

The value of assets exchanged has been settled in cash between the two entities as per the approved scheme of arrangements.

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 in the previous Year.

The Results of BBPCU are presented below:

| Particulars | (Amount ₹ in Lakh) | |
|---|---------------------------|---------------------------|
| | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
| Income | | |
| Revenue from Operations | - | 1,360.23 |
| Other Income | - | 64.59 |
| Total Income | - | 1,424.82 |
| Expenses | | |
| Operating Expenses | - | 197.95 |
| Employee Benefit Expenses | - | 1,114.48 |
| Administrative and Establishment Expenses | - | 31.25 |
| Depreciation and Amortisation Expenses | - | 485.31 |
| Other Expenses | - | 618.79 |
| Total Expenses | - | 2,447.79 |
| Surplus Before Tax | - | (1,022.97) |
| Tax Expense | | |
| Current Tax | - | - |
| Deferred Tax | - | - |
| Total Tax Expenses | - | - |
| Surplus After Tax | - | (1,022.97) |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

The major class of assets and liabilities as held for sale as at 31st March 2022 are as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2022 | 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 (Non-Executive & Independent Director) | 8-Feb-18 | - |
| Mr. Deepak Kumar | Nominee Director from Reserve Bank of India | 2-May-19 | - |
| Dr. Santanu Paul | Independent Director | 9-Nov-16 | 8-Nov-21 |
| Dr. Amitha Sehgal | Independent Director | 26-Dec-18 | - |
| Mr. Venkatraman Srinivasan | Independent Director | 15-Jul-20 | - |
| Prof. G. Sivakumar | Independent Director | 21-Jun-16 | 20-Jun-21 |
| Prof. Umesh Bellur | Independent Director | 21-Jun-21 | - |
| Prof. Rishikesh T. Krishnan | Independent Director | 9-Nov-21 | - |
| Mr. Ravindra Pandey | Nominee Director from State Bank of India | 29-Jun-20 | 12-Aug-21 |
| Mr. Rana Ashutosh Kumar Singh | Nominee Director from State Bank of India | 12-Aug-21 | - |
| 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. Sunil Soni | Nominee Director from Punjab National Bank | 24-Jun-19 | 12-Jan-22 |
| Mr. Hemant Verma | Nominee Director from Punjab National Bank | 17-Jan-22 | - |
| Mr. Ajay Kumar Kapoor | Nominee Director from HDFC Bank Limited | 20-Mar-18 | - |
| Mr. Pankaj Gadgil | Nominee Director from ICICI Bank Limited | 8-Aug-19 | - |
| Ms. Mridula Iyer | Nominee Director from Citibank. N.A. | 5-Nov-20 | - |
| Mr. Rajiv Anand | Nominee Director from Axis Bank Limited | 9-Nov-16 | 8-Nov-21 |
| Mr. Sumit Bali | Nominee Director from Axis Bank Limited | 15-Dec-21 | - |
| Mr. Jayaprakash C. | Nominee Director from Kerala Gramin Bank | 17-Feb-21 | - |
| Mr. Imran Amin Siddiqui | Nominee Director from Indian Bank | 27-Apr-21 | - |
| Mr. Arif Khan | Non-independent Non-Executive | 27-Jan-22 | - |
| Ms. Praveena Rai | Non-independent Non-Executive | 27-Jan-22 | - |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| 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 | - |
| Ms. Noopur Chaturvedi | Chief Executive Officer (NBBL) | 6-Aug-21 | - |
| Mr. Rupesh H Acharya | Chief Financial Officer (NPCI) | 19-Mar-20 | - |
| Mr. Rupesh H Acharya | Chief Financial Officer (NIPL) | 27-Apr-20 | - |
| Mr. Ashish Pai | Chief Financial Officer (NBBL) | 8-Mar-21 | - |
| Mr. A R Ramesh | Manager (NBBL) | 8-Mar-21 | 3-Aug-21 |
| Ms. Priyanka Agrawal | Company Secretary (NPCI) | 14-May-18 | - |
| Mr. Pravin Jogani | Company Secretary (NIPL) | 1-Oct-20 | - |
| Mr. Prateek Bakliwal | Company Secretary (NBBL) | 7-Jan-21 | 30-Nov-21 |
| Ms. Supreetha Shetty | Company Secretary (NBBL) | 1-Dec-21 | - |

| Name of Related Parties | Nature of Relationship |
|--|-----------------------------|
| Axis Bank Limited (Ceased to be related party as on 08-Nov-2021) | Entity with common director |
| Indian Financial Technology and Allied Services (Ceased to be related party as on 13-Feb-2022) | Entity with common director |
| Union Bank of India | Entity with common director |
| Central Depository Service (India) Limited (Related party from 21-Jun-2021) | Entity with common director |
| ICICI Merchant Services Private Limited (Related party from 09-Dec-2021) | Entity with common director |
| Indian Bank (Related party from 27-Apr-2021) | Entity with common director |
| Ujjivan Small Finance Bank Limited (Related party from 21-Jun-2021 to 27-Sep-2021) | Entity with common director |
| C-Edge Technologies Limited (Ceased to be related party as on 12-Aug-2021) | Entity with common director |
| India Infoline Finance Limited (Related party from 15-Dec-2021) | Entity with common director |
| Kerala Gramin Bank | Entity with common director |
| Bank of Baroda | Entity with common director |
| National Securities Depository Limited (Ceased to be related party as on 20-Jun-2021) | Entity with common director |
| NSDL Payments Bank Limited (Ceased to be related party as on 08-Nov-2021) | Entity with common director |
| Yes Bank Limited (Ceased to be related party as on 12-Aug-2021) | 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, 2022 are as below:

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|---|-----------------------|------------------------|------------------------|
| Andhra Bank | Receiving of services | - | 124.49 |
| | Rendering of services | - | 29.23 |
| Indian Overseas Bank | Receiving of services | - | 834.46 |
| | Rendering of services | - | 2,315.72 |
| National Securities Depository Limited | Receiving of services | 0.75 | 0.11 |
| Indian Financial Technology and Allied Services | Receiving of services | - | 8.29 |
| | Rendering of services | - | 23.84 |
| Indian Institute of Banking and Finance | Receiving of services | - | 0.55 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|--------------------------|---------------------------|---------------------------|
| ICICI Merchant Services Private Limited | Receiving of services | 84.75 | - |
| Indian Bank | Receiving of services | 329.68 | - |
| NSDL Payments Bank Limited | Receiving of services | 196.72 | 0.24 |
| | Rendering of services | 287.74 | 123.71 |
| Yes Bank Limited | Receiving of services | 100.18 | 102.26 |
| | Rendering of services | 1,826.65 | 20.20 |
| Union Bank of India | Receiving of services | 666.26 | 1,098.90 |
| | Rendering of services | 7,833.28 | 3,744.07 |
| Kerala Gramin Bank | Receiving of services | - | 1.96 |
| | Rendering of services | 156.38 | 61.84 |
| Central Depository Service (India) Limited | Receiving of services | 0.75 | - |
| C-Edge Technologies Limited | Rendering of services | 13.05 | - |
| Kerala Gramin Bank | SGF Deposit Received | 23.55 | 8.00 |
| India Infoline Finance Limited | Rendering of services | 1.12 | - |
| Ujjivan Small Finance Bank Limited | Rendering of services | 50.11 | 162.19 |
| Axis Bank Limited | Receiving of services | 125.22 | 1,519.28 |
| | Rendering of services | 511.95 | 9,569.81 |
| | SGF Deposit Received | 1,002.00 | - |
| | SGF Deposit Paid | 1,007.00 | - |
| | Purchase of Investment | 34,650.00 | 36,414.00 |
| | Redemption of Investment | 20,256.00 | 19,910.00 |
| | Interest Earned | 1,200.29 | 1,572.70 |
| Union Bank of India | SGF Deposit Received | 1,458.47 | - |
| | Purchase of Investment | 33,985.00 | 4,859.00 |
| | Redemption of Investment | 32,370.00 | - |
| | Interest Earned | 1,440.68 | 10.15 |
| Indian Bank | Rendering of services | 4,910.86 | - |
| | SGF Deposit Received | 1,115.87 | - |
| | SGF Deposit Paid | 84.00 | - |
| | Purchase of Investment | 30,368.00 | - |
| | Redemption of Investment | 27,041.00 | - |
| | Interest Earned | 1,151.66 | - |
| Ujjivan Small Finance Bank Limited | SGF Deposit Received | 17.00 | - |
| | SGF Deposit Paid | 17.00 | - |
| Bank of Baroda | Rendering of services | 7,753.19 | 1,092.66 |
| | Receiving of services | 347.29 | 862.17 |
| | Purchase of Investment | 32,493.00 | 1,194.00 |
| | Redemption of Investment | 11,534.00 | - |
| | Interest Earned | 710.56 | 1.83 |
| | SGF Deposit Received | 1,400.67 | 306.00 |
| Total | | 258,521.65 | 85,971.66 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Details of Amounts Due to or Due from Related Parties as at 31st March, 2022

Amount Payable to Related Parties:

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--------------------------------|-----------------------|---------------------------|---------------------------|
| NSDL Payments Bank Limited | Deposit | - | 75.00 |
| | Trade Payable | - | 0.09 |
| Axis Bank Limited | Deposit | - | 4,297.91 |
| | Trade Payable | - | 18.37 |
| Indian Overseas Bank | Deposit | - | 172.61 |
| | Trade Payable | - | 1.90 |
| Yes Bank Limited | Deposit | - | 6,851.87 |
| | Trade Payable | - | 0.01 |
| Indian Bank | Deposit | 1,374.99 | - |
| | Trade Payable | 34.48 | - |
| Union Bank of India | Deposit | 2,393.74 | 49.51 |
| | Trade Payable | 78.75 | 55.38 |
| Kerala Gramin Bank | Deposit | 28.55 | 10.00 |
| | Trade Payable | - | 0.01 |
| Bank of Baroda | Deposit | 2,459.63 | 890.81 |
| | Trade Payable | 120.90 | 92.51 |
| India Infoline Finance Limited | Deposit | 2.00 | - |
| Total | | 6,493.05 | 12,515.98 |

Amount Receivable from Related Parties

| Name of Related Party | Nature of Transaction | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|---|-----------------------|---------------------------|---------------------------|
| Axis Bank Limited | Trade receivable | - | 16.44 |
| Indian Financial Technology and Allied Services | Trade receivable | - | 23.84 |
| Indian Overseas Bank | Trade receivable | - | 12.62 |
| India Infoline Finance Limited | Trade receivable | 1.32 | - |
| Kerala Gramin Bank | Trade receivable | 2.70 | 0.04 |
| Yes Bank Limited | Trade receivable | - | 0.65 |
| National Securities Depository Limited | Trade receivable | - | 0.09 |
| NSDL Payments Bank Limited | Trade receivable | - | 0.16 |
| Union Bank of India | Investment | 22,518.00 | 17,918.00 |
| | Accured Interest | 205.00 | 122.40 |
| | Trade receivable | 127.37 | 61.02 |
| Indian Bank | Investment | 28,924.00 | - |
| | Accured Interest | 195.67 | - |
| | Trade receivable | 90.60 | - |
| Bank of Baroda | Investment | 28,687.00 | 6,534.00 |
| | Accured Interest | 169.63 | 14.58 |
| | Trade receivable | 206.95 | 6.96 |
| Total | | 81,128.24 | 24,710.80 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|--------------------------|---------------------------|---------------------------|
| Sitting Fees | 80.00 | 61.65 |
| Honorarium Fees | 1.75 | 43.90 |
| Advance Security Deposit | 7.00 | - |
| Total | 88.75 | 105.55 |

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2022 | Year ended 31-Mar-2021 |
|------------------------------|---------------------------|---------------------------|
| Short Term Employee Benefits | 728.01 | 407.43 |
| Post-Employment Benefits* | 19.60 | - |
| Other Long Term Benefits | - | 3.83 |
| Total | 747.61 | 411.26 |

*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:

- Interest on Lease Liability of ₹ 417.10 lakh.
- Amortization of Lease Liability of ₹ 1,542.95 lakh.
- The total outstanding cash outflow for lease as per the agreement is ₹ 6,133.78 lakh.
- The carrying amount of Right of use asset as on 31st March, 2022 is ₹ 4,513.58 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:

- The net carrying amount of Right of use asset:

(Amount ₹ in Lakh)

| Particular | As at 1-Apr-2021 | Addition | Deletion / Amortization | As at 31-Mar-2022 |
|-----------------------|---------------------|----------|----------------------------|----------------------|
| Right of use of Asset | 6,834.37 | 2,421.74 | 4,742.53 | 4,513.58 |

(Amount ₹ in Lakh)

| Particular | As at 1-Apr-2020 | Addition | Deletion / Amortization | As at 31-Mar-2021 |
|-----------------------|---------------------|----------|----------------------------|----------------------|
| Right of use of Asset | 4,283.00 | 2,551.37 | 3,192.82 | 3,641.55 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

ii) Reconciliation between the total minimum lease payment as on 31st March, 2022 and their present value is as below:

(Amount ₹ in Lakh)

| Particular | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Lease Liability as at balance sheet date | 5,026.35 | 3,943.60 |
| Add: Interest | 1,107.43 | 950.07 |
| Minimum Lease Payment | 6,133.78 | 4,893.67 |

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

(Amount ₹ in Lakh)

| Particular | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| Not Later than 1 year | 1,250.08 | 1,549.18 |
| Later than 1 year but not more than 5 year | 3,874.90 | 1,922.14 |
| More than 5 year | 1,008.80 | 1,422.35 |
| Total | 6,133.78 | 4,893.67 |

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.

2.41 Contingent Liabilities and Commitments

(Amount ₹ in Lakh)

| Contingent Liabilities and Commitments (to the extent not provided for) | As at 31-Mar-2022 | As at 31-Mar-2021 |
|--|----------------------|----------------------|
| (i) Commitments | | |
| (a) Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for | 29,017.46 | 38,394.25 |
| (b) Revenue Commitments | 22,192.74 | 29,180.27 |
| Sub Total | 51,210.20 | 67,574.52 |
| (ii) Contingent Liabilities on Account of Tax Demand | | |
| Income Tax Demand for AY 2010-2011 | - | 309.26 |
| Income Tax Demand for AY 2011-2012 | 183.27 | 183.27 |
| Income Tax Demand for AY 2013-2014 | 578.22 | 578.22 |
| Income Tax Demand for AY 2015-2016 | 467.50 | 467.50 |
| Income Tax Demand for AY 2016-2017 | 1,304.48 | 1,304.48 |
| Income Tax Demand for AY 2018-2019 | 1,523.12 | - |
| Income Tax Demand for AY 2019-2020 | 3,622.93 | - |
| Sub Total | 7,679.52 | 2,842.73 |
| (iii) Contingent Liabilities - Other Matters (refer note 1 & 2) | | |
| Sub Total | 2,598.52 | 2,597.00 |
| Total | 61,488.24 | 73,014.25 |

(ii) Contingent Liability for Income Tax:

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.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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, AY 2016-17, AY 2018-19 and AY 2019-20. For AY 2010-11 and AY 2012-2013, Hon'ble ITAT has directed lower tax authorities to allow 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 and AY 2017-18 the tax provisions in Books of Accounts are more than demand raised as per Assessment Order u/s 143(3) of Income Tax Act 1961, hence no Contingent liability is shown in the Books for A.Y. 2014-2015 and AY 2017-18.

Assessment Year 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 demand 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.

Assessment Year 2018-19:

The Contingent liability for A.Y. 2018-19 amounts to ₹ 1,523.12 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 13,923.12 lakh against provision in the books of accounts of ₹ 12,400.00 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.

Assessment Year 2019-20:

The Contingent liability for A.Y. 2019-20 amounts to ₹ 3,622.93 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 20,522.93 lakh against provision in the books of accounts of ₹ 16,900.00 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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

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.

(iii) (a) 1. 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.

(a) 2. Contingent liabilities – other matters

M/s Unwani Subhakaran has filed a case against Punjab National Bank & Ors in Permanent Lok Adalat, Sikar (Rajasthan) and made NPCI a party to it. The case is on account of transfer of funds to wrong account amounting to Rs 50,000/-. The total claim is for Rs 1,51,820 on account of principal, interest, legal expenses and mental harassment.

(iii) (b) Status of Legal Cases (Other than Income Tax)

Apart from the above case, there are a total of 52 litigation cases involving the company. In our view, in all these legal cases the possibility of an order being passed directing NPCI to make any payment is remote. Therefore, there is no contingent liability to be reported for these cases.

2.42 Value of Import of Services

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Software License / Consultancy charges | - | 317.96 |
| CWIP - Building And Premises | - | 67.46 |
| Total | - | 385.42 |

Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|--|---------------------------|---------------------------|
| Software AMC Expenses | 58.11 | 24.64 |
| Escrow Agent Fees / Professional Fees | 29.66 | 473.22 |
| Subscription and Membership Fees | 24.99 | 134.14 |
| Training and Seminar Charges | 46.85 | 125.87 |
| Advertising and Publicity Expenses | 9.99 | 0.27 |
| Marketing Expenses | 62.28 | - |
| RuPay Product Expenses - International | 149.39 | - |
| Recruitment Expense | 4.74 | - |
| RuPay trademark registration | 2.59 | - |
| Professional Fees | 112.30 | - |
| RuPay - Phase wise Expenses (DCI, JCBI, Union) and Mercury | 3,955.39 | - |
| Membership & Subscription | 1.47 | - |
| Total | 4,457.76 | 758.14 |

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

Income in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year Ended 31-Mar-2022 | Year Ended 31-Mar-2021 |
|------------------------------------|---------------------------|---------------------------|
| RuPay compliance fees & incentives | 656.33 | - |
| Total | 656.33 | - |

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.

2.43 Details of Dues to Micro, Small and Medium Enterprises as defined in MSME Act, 2006.

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

(Amount ₹ in Lakh)

| Particulars | As At 31-Mar-2022 | As At 31-Mar-2021 |
|---|----------------------|----------------------|
| a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year | 20.78 | 1.18 |
| (ii) Interest due on above | 3.10 | - |
| 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. | 3.10 | - |
| 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. | - | - |

2.44 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 (now Section 12AB) 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 ₹ 26,475 lakh has been provided for the year ended 31st March, 2022, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax income of ₹ 435.29 lakh as per the applicable of Accounting Standard.

2.45 Note on Fraud

There was a case of misappropriation of funds by one of the outsourced resource (Accounts Executive) working for finance department, he was involved in processing of employee reimbursements. He allegedly created fake claims in ERP system in the name of other NPCI employees and also tampered payment file details, while sending it to the bank for payment. The amount involved was Rs.158,518/- which was subsequently recovered from the said outsourced resource. Also, NPCI had filed an FIR with the BKC Cyber fraud police station on 12th November 2021.

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

2.46 Other Statutory Compliances

- a. The Company has neither traded or nor invested in crypto currency or virtual currency during the current financial year or previous financial year.
- b. The Company has complied with the number of layer of companies prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- c. No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- d. The company is not declared as wilful defaulter by any bank or financial Institution or other lender during the current financial year or previous financial year.

e. Loans & Advances

- The company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), which are either repayable on demand or without specifying any terms or period of repayment during the current financial year or previous financial year.
- No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- No funds have been received by the company from any person or entity, including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

f. Declaration regarding Borrowed funds

- The company has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
- The company has not taken any borrowings from banks on the basis of security of Current assets during the current financial year or previous financial year.
- The company has not taken any secured borrowings during the current financial year or previous financial year accordingly there is no requirement for charge or satisfaction of charges is to be registered with ROC."

- g. No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

2.47 Relationship with Struck Off Companies

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as on 31-Mar-2022 | Relationship with the Struck off company, if any, to be disclosed. |
|----------------------------------|--|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities | - | - |
| | Receivables | - | Customer |
| | Payables | - | - |
| | Shares held by struck off company | - | - |
| | Other outstanding balances (to be specified) | - | - |

* The company does not have any outstanding balance with the struck-off company. However, the value of transaction entered during the year was Rs.4.96 lakhs

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Name of struck off Company | Nature of transactions with struck-off Company | Balance outstanding as on 31-Mar-2021 | Relationship with the Struck off company, if any, to be disclosed. |
|----------------------------|--|---------------------------------------|--|
| | Investments in securities | - | - |
| | Receivables | - | - |
| | Payables | - | - |
| | Shares held by struck off company | - | - |
| | Other outstanding balances (to be specified) | - | - |

2.48 Ratios to be disclosed

(Amount ₹ in Lakh)

| Financial Ratios | Formula | As at 31-Mar-22 | As at 31-Mar-21 |
|----------------------------------|---|-----------------|-----------------|
| Current Ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 4.50 | 3.68 |
| Debt-Equity Ratio | Not applicable as there are no Debt in the company | N.A. | N.A. |
| Debt Service Coverage Ratio | Not applicable as there are no Debt in the company | N.A. | N.A. |
| Return on Equity Ratio | $\frac{\text{Net profit after taxes}}{\text{Shareholder's Equity}}$ | 29.13% | 22.49% |
| Inventory turnover ratio | Not applicable as there are no Inventory in the company | N.A. | N.A. |
| Trade Receivables turnover ratio | $\frac{\text{Revenue from operations}}{\text{Average trade receivables}}$ | 24.19 | 16.16 |
| Trade payables turnover ratio | $\frac{\text{Operating expenses}}{\text{Average Trade Payable}}$ | 7.65 | 13.86 |
| Net capital turnover ratio | $\frac{\text{Revenue from operations}}{\text{Working Capital}}$ | 0.59 | 0.57 |
| Net profit ratio | $\frac{\text{Net Profit}}{\text{Net Operating Income}}$ | 47.47% | 37.40% |
| Return on Capital employed | $\frac{\text{Earnings before Interest \& Tax}}{\text{Capital Employed}}$ | 35.22% | 26.79% |
| Return on investment | $\frac{\text{Net return on Investment}}{\text{Cost of Investment}}$ | 4.46% | 3.89% |

- Return on Equity Ratio:** The increase in Returns on Equity ratio is on account of increase in Net profit after taxes by 84% and Average Shareholder's Equity by 33%
- Trade Receivables turnover ratio:** The increase in Trade Receivables turnover ratio is on account of increase in Revenue from operations by 41 % and decrease in Average trade receivables by 2%.
- Net profit ratio:** The increase in Net profit ratio is on account of increase in Net profit by 84 % and increase in Net Operating Income by 41% .
- Return on Capital employed :** The increase in Return on Capital employed is on account of increase in Earnings before Interest & Tax by 76% and increase in Capital Employed 35%
- Return on investment:** The increase in Return on investment turnover ratio is on account of increase in Net return on Investment by 24% and increase in Average Cost of Investment by 25%

2.49 COVID Impact

The company is continuously monitoring the impact of COVID-19 on its financial position. Covid 19 is continuously 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.

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

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

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

Significant Accounting Policies and Notes to Accounts

for the year ended 31st March, 2022

| Sr No | Name of Entity | Net Assets | | Share in Income & Expenditure | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|-----------------------|--|--------------------------------------|--------------------|--------------------------------|------------------|---|--------------|---|------------------|
| | | Total Assets minus Total Liabilities | | | | | | | |
| | | as at March 31, 2022 | | year ended March 31, 2022 | | year ended March 31, 2022 | | year ended March 31, 2022 | |
| | | As a % of Consolidated Net Assets | Amount | As a % of Consolidated surplus | Amount | As a % of Consolidated OCI | Amount | As a % of Consolidated TCI | Amount |
| Parent Company | | | | | | | | | |
| | National Payments Corporation of India | 93.13% | 2,72,234.58 | 99.43% | 76,077.37 | 84.48% | 79.02 | 99.42% | 76,156.39 |
| Subsidiaries | | | | | | | | | |
| | NPCI International Payments Limited | 3.32% | 9,699.06 | 0.02% | 17.62 | 0.75% | 0.70 | 0.02% | 18.32 |
| | NPCI Bharat Bill Pay Limited | 3.55% | 10,385.56 | 0.54% | 414.76 | 14.77% | 13.82 | 0.56% | 428.58 |
| | | 100.00% | 2,92,319.20 | 100.00% | 76,509.75 | 100.00% | 93.54 | 100.00% | 76,603.29 |

| Sr No | Name of Entity | Net Assets | | Share in Income & Expenditure | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|-----------------------|--|--------------------------------------|--------------------|--------------------------------|------------------|---|-----------------|---|------------------|
| | | Total Assets minus Total Liabilities | | | | | | | |
| | | 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 surplus | Amount | As a % of Consolidated OCI | Amount | As a % of Consolidated TCI | Amount |
| Parent Company | | | | | | | | | |
| | National Payments Corporation of India | 100.09% | 2,15,933 | 100.74% | 42,260.70 | 100.00% | (128.13) | 100.74% | 42,132.57 |
| Subsidiaries | | | | | | | | | |
| | NPCI International Payments Limited | -0.08% | (176.78) | -0.69% | (289.12) | 0.00% | - | -0.69% | (289.12) |
| | NPCI Bharat Bill Pay Limited | -0.01% | (19.24) | -0.05% | (19.24) | 0.00% | - | -0.05% | (19.24) |
| | | 100.00% | 2,15,736.55 | 100.00% | 41,952.34 | 100.00% | (128.13) | 100.74% | 41,824.21 |

As per our report attached

For Banshi Jain & Associates

Chartered Accountants
Registration No.: 100990W

CA Parag Jain

Membership No: 078548
Partner

Place : Mumbai

Date : 25th May 2022

For and on behalf of the Board of Directors

Biswamohan Mahapatra

Chairman
DIN: 06990345

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Venkatraman Srinivasan

Director
DIN: 00246012

Rupesh H Acharya

Chief Financial Officer