

Independent Auditor's Report

To
The Members of National Payments Corporation of India

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of **National Payments Corporation of India** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Income & Expenditure (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date, and notes to the Standalone Financial Statements, including summary of the material accounting policies and other explanatory information, (herein after referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its surplus including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

3. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 | How the matter was addressed in our audit |
|--|--|
| <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.</p> <p>Further significant management judgement is involved in assessing the exposure of each case and eventual obligation on the company.</p> <p>Refer note 2.19, 2.27 and 2.40 to the Ind AS Standalone 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, andThe 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 andAssessed and tested the presentation and disclosures relating to taxes. |

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

4. The Company's management and Board of Directors are responsible for the preparation of other information. The other information comprises of the information included in the Annual report, but does not include the standalone financial statements, consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this audit report.

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with the governance and review the steps taken by the management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision.

Responsibility of Management and those charged with Governance for the Standalone Financial Statements

5. 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 standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and 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 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 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 is also responsible for overseeing the Company's financial reporting process.

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

6. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 standalone financial statements.
7. 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 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 standalone financial statements for the financial year ended March 31, 2024 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

8. 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).
9. 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 Balance Sheet, the Statement of Income and Expenditure including Other Comprehensive Income, Statement of Changes in Equity the and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (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 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2024 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expressed an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control with reference to standalone financial statements.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 2.40 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 (which are material either individually or in the aggregate) 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 by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate)
- 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, 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.
- (c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (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.
 - vi. On the basis of information and explanations given to us and based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

1. 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? 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>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. |

| S. No. | DIRECTIONS | ANSWER |
|--------|--|--|
| | | <ul style="list-style-type: none"> 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>During the year, the Company has migrated the data from 'on premises' to cloud storage.</p> <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 is any restructuring of an existing loan or cases of waiver/Write off of debts/loans/ Interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of the lender company) | Not Applicable Company has not availed any loan. |
| 3 | Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/state government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | Not Applicable There are no case of funds received/receivable for specific schemes from Central/state government or its agencies. |

Additional directions issued by C&AG as applicable to the Company for the year 2023-24.

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|--------|---|--|
| 1 | <p>NBFC dealing with digital payment products and services</p> <p>Whether the security controls for digital payment products and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18th February 2021?</p> | <p>The Company has identified the various controls to be followed as per the RBI Master Direction for Digital Payment Security Controls dated 18th February 2021 and accordingly appointed a Cert-In empanelled Third Party Expert (M/s. TÜV SÜD South Asia) to conduct the audit and certify whether the security controls for digital payments and services are in compliance with the aforementioned directions.</p> <p>We have relied on the report dated 28.07.2023 of the said third party expert as engaged by the company for the Audit of Digital Payment Security Controls and the report issued thereunder stated that the Company is compliant with RBI circular no. RBI/2020-21/74 DoS.CO. CSITE. SEC.No. 1852 / 30015 / 2020-21 issued by the Reserve Bank of India dated February 18, 2021</p> |

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|--------|-----------------------|---|
| | | Based on the above report, we confirm that the company is compliant with RBI circular no. RBI/2020-21/74 DoS. CO. CSITE. SEC.No. 1852 / 30015 / 2020-21 issued by the Reserve Bank of India dated February 18, 2021 with regards to security control. |

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No.: 101647W

Ambesh Dave
Partner
Membership No: 049289
UDIN:24049289BKDHQR9883

Place: Mumbai
Date: May 22, 2024

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 9 (f) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of National Payments Corporation of India on the standalone financial statements for the year ended March 31, 2024).

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

We have audited the internal financial controls with reference to standalone financial statements of National Payments Corporation of India ("the company") as of 31st March 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 the standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to these standalone financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to the 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 standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 (3) 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

Due to the inherent limitations of internal financial controls with reference to 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to 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

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 standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31st March 2024, based on the internal financial control

with reference to 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 over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For and on behalf of
Chandabhoy & Jassoobhoy**

Chartered Accountants
Firm Registration No.: 101647W

Ambesh Dave

Partner

Place: Mumbai
Date: May 22, 2024

Membership No.: 049289
UDIN: 24049289BKDHQR9883

Standalone Balance Sheet

as at 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Note No. | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------|--------------------|--------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a. Property, Plant and Equipment | 2.01 | 90,228.20 | 75,467.55 |
| b. Capital Work-In-Progress | 2.02 | 7,165.40 | 12,885.44 |
| c. Right of Use Assets | 2.03 | 2,301.55 | 4,536.13 |
| d. Intangible Assets | 2.04 | 11,390.45 | 4,915.82 |
| e. Intangible Assets Under Development | 2.05 | 10,241.64 | 7,928.14 |
| f. Financial Assets | | | |
| i. Investments | 2.06 | 72,620.23 | 66,305.15 |
| ii. Other Financial Assets | 2.07 | 1,20,666.26 | 91,623.43 |
| g. Other Non-Current Assets | 2.08 | 4,565.16 | 397.17 |
| Total Non-Current Assets | | 3,19,178.89 | 2,64,058.83 |
| Current Assets | | | |
| a. Financial Assets | | | |
| i. Investments | 2.09 | 5,097.31 | 36,392.67 |
| ii. Trade Receivables | 2.10 | 14,415.13 | 15,060.74 |
| iii. Cash and Cash Equivalents | 2.11 | 32,602.04 | 22,359.31 |
| iv. Bank Balances other than (iii) above | 2.12 | 99,731.94 | 1,38,863.02 |
| v. Other Financial Assets | 2.13 | 2,13,127.17 | 61,509.81 |
| b. Other Current Assets | 2.14 | 23,721.58 | 18,860.54 |
| Total Current Assets | | 3,88,695.17 | 2,93,046.09 |
| TOTAL ASSETS | | 7,07,874.06 | 5,57,104.92 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a. Equity Share Capital | 2.15 | 14,036.69 | 14,036.69 |
| b. Other Equity | 2.16 | 4,62,879.91 | 3,56,969.74 |
| Total Equity | | 4,76,916.60 | 3,71,006.43 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease Liabilities | 2.17 | 1,475.37 | 4,097.48 |
| ii. Others Financial Liabilities | 2.18 | 1,28,388.55 | 1,05,384.26 |
| b. Deferred Tax Liabilities (net) | 2.19 | 4,028.00 | 3,130.00 |
| c. Other Non-Current Liabilities | 2.20 | 1,011.91 | 685.27 |
| d. Provisions | 2.21 | 812.21 | 465.00 |
| Total Non-Current Liabilities | | 1,35,716.04 | 1,13,762.01 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease Liabilities | 2.22 | 1,292.70 | 1,209.12 |
| ii. Trade Payables Due to: | 2.23 | | |
| Micro and Small Enterprises | | 1.91 | 466.86 |
| Other than Micro and Small Enterprises | | 4,295.89 | 6,843.04 |
| iii. Other Financial Liabilities | 2.24 | 16,084.55 | 6,752.87 |
| b. Other Current Liabilities | 2.25 | 12,489.65 | 6,627.87 |
| c. Provisions | 2.26 | 43,017.37 | 32,085.46 |
| d. Current Tax Liabilities (net) | 2.27 | 18,059.35 | 18,351.26 |
| Total Current Liabilities | | 95,241.42 | 72,336.48 |
| TOTAL EQUITY AND LIABILITIES | | 7,07,874.06 | 5,57,104.92 |
| Material Accounting Policies and Notes to Accounts | 1&2 | | |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal
Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Standalone Statement of Income and Expenditure

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Note No. | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|----------|---------------------------|---------------------------|
| Income | | | |
| Revenue from Operations | 2.28 | 2,74,882.25 | 1,98,652.54 |
| Other Income | 2.29 | 38,803.44 | 23,873.07 |
| Total Income | | 3,13,685.69 | 2,22,525.61 |
| Expenses | | | |
| Operating Expenses | 2.30 | 17,352.93 | 13,117.26 |
| Marketing Expenses | 2.31 | 77,224.62 | 43,989.68 |
| Employee Benefits Expenses | 2.32 | 27,537.82 | 20,793.75 |
| Depreciation and Amortisation Expenses | 2.33 | 22,062.79 | 16,276.37 |
| CSR Expenditure | 2.34 | 1,954.25 | 1,320.49 |
| Administrative and Other Expenses | 2.35 | 19,121.67 | 16,890.56 |
| Total Expenses | | 1,65,254.08 | 1,12,388.11 |
| Surplus / (Deficit) Before Tax | | 1,48,431.61 | 1,10,137.50 |
| Tax Expense | | | |
| Current Tax | 2.27 | 38,000.00 | 27,600.00 |
| Deferred Tax | | 981.00 | 1,598.45 |
| Total Tax Expenses | | 38,981.00 | 29,198.45 |
| Surplus / (Deficit) for the year | | 1,09,450.61 | 80,939.05 |
| Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Income and Expenditure | | | |
| Remeasurement of defined employee benefit plans | 2.16 | (76.07) | 17.66 |
| Return on plan assets (excluding interest) | | (23.99) | 3.70 |
| Income Tax relating to items that will not be reclassified to Income and Expenditure | | 83.00 | 1.45 |
| 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 | | (17.06) | 22.81 |
| Total Comprehensive Income for the Year | | 1,09,433.55 | 80,961.86 |
| Earnings per equity share | | | |
| (i) Basic earnings per share (₹) | 2.36 | 779.75 | 576.62 |
| (ii) Diluted earnings per share (₹) | | 779.75 | 576.62 |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Standalone Statement of Changes in Equity

for the year ended 31st March 2024

2.15 Equity Share Capital

| | Changes in equity share capital due to prior period errors | Restated Balance as at 01-Apr-2023 | Changes in equity share capital during the year | Balance as at 31-Mar-2024 |
|---------------------------|--|------------------------------------|---|---------------------------|
| | | | | (Amount ₹ in Lakh) |
| Balance as at 01-Apr-2023 | 14,036.69 | - | 14,036.69 | 14,036.69 |

| | Changes in equity share capital due to prior period errors | Restated Balance as at 01-Apr-2022 | Changes in equity share capital during the year | Balance as at 31-Mar-2023 |
|---------------------------|--|------------------------------------|---|---------------------------|
| | | | | (Amount ₹ in Lakh) |
| Balance as at 01-Apr-2022 | 14,036.69 | - | 14,036.69 | 14,036.69 |

2.16 Other Equity

| | Reserves and Surplus | | | | | | Other Items of Other Comprehensive Income | Total |
|------------------------------------|----------------------------|--------------------|-----------------|--------------------|-------------------|------------------------|---|-------------------|
| Particulars | Securities Premium Reserve | Technology Reserve | NFS SGM Reserve | Risk Cover Reserve | RuPay SGM Reserve | Sustainability Reserve | Products SGM Reserve* | Retained Earnings |
| Balance as at 01-Apr-2023 | 16,048.39 | 32,500.00 | 1,000.00 | 19,647.00 | 100.00 | 40,000.00 | - | 2,47,837.99 |
| Total Comprehensive Income | - | - | - | - | - | - | - | 1,09,450.61 |
| Transfer to Technology Reserve | - | 5,000.00 | - | - | - | - | - | (5,000.00) |
| Transfer to Risk Cover Reserve | - | - | - | 4,000.00 | - | - | - | (4,000.00) |
| Transfer to Sustainability Reserve | - | - | - | - | - | 10,000.00 | - | (10,000.00) |
| Transfer to Product SGM Reserve* | - | - | - | - | - | - | 3,500.00 | (3,500.00) |
| Transfer to SGM - NFS Other | - | - | - | - | - | - | - | (289.48) |
| Transfer to SGM - IMPS Other | - | - | - | - | - | - | - | (1,391.37) |
| Transfer to SGM - AePS Other | - | - | - | - | - | - | - | (232.53) |
| Transfer to SGM - NETC Other | - | - | - | - | - | - | - | (8.92) |
| Transfer to SGM - UPI Other | - | - | - | - | - | - | - | (1,146.14) |
| Transfer to SGM - RuPay Other | - | - | - | - | - | - | - | (187.90) |
| Transfer to SGM - NACH Other | - | - | - | - | - | - | - | (267.04) |
| Transfer from NFS SGM Reserve | - | - | (1,000.00) | - | - | - | - | 1,000.00 |
| Transfer from RuPay SGM Reserve | - | - | - | - | (100.00) | - | - | 100.00 |
| Balance as at 31-Mar-2024 | 16,048.39 | 37,500.00 | - | 23,647.00 | - | 50,000.00 | 3,500.00 | 3,32,365.22 |
| | | | | | | | (180.70) | 4,62,879.91 |

* Product SGM Reserve is created pursuant to the Policy on Standardised Settlement Guarantee Mechanism as approved by RBI at the rate of ₹ 500 Lakh each for all the online products (NFS, IMPS, AePS, RuPay, UPI, NeTC & NACH). These reserves are to be utilised as NPCI's contribution to meet the exigencies of settlement risk in the online products. Earlier reserves namely NFS SGM Reserve & RuPay SGM Reserve are now transferred to retained earnings. The Company has created reserves namely, 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.

Standalone Statement of Changes in Equity

for the year ended 31st March 2024

2.16 Other Equity (Contd..)

(Amount ₹ in Lakh)

| Particulars | Reserves and Surplus | | | | | | | Other Items of Other Comprehensive Income | Total |
|------------------------------------|----------------------------|--------------------|-----------------|--------------------|-------------------|------------------------|--------------------|---|--------------------|
| | Securities Premium Reserve | Technology Reserve | NFS SGM Reserve | Risk Cover Reserve | RuPay SGM Reserve | Sustainability Reserve | Retained Earnings | | |
| Balance as at 01-Apr-2022 | 16,048.39 | 27,500.00 | 1,000.00 | 15,647.00 | 100.00 | 30,000.00 | 1,88,088.96 | (186.45) | 2,78,197.90 |
| Total Comprehensive Income | - | - | - | - | - | - | 80,939.05 | 22.81 | 80,961.86 |
| Transfer to Technology Reserve | - | 5,000.00 | - | - | - | - | (5,000.00) | - | - |
| Transfer to Risk Cover Reserve | - | - | - | 4,000.00 | - | - | (4,000.00) | - | - |
| Transfer to Sustainability Reserve | - | - | - | - | - | 10,000.00 | (10,000.00) | - | - |
| Transfer to SGM - NFS Other | - | - | - | - | - | - | (347.66) | - | (347.66) |
| Transfer to SGM - IMPS Other | - | - | - | - | - | - | (1,123.99) | - | (1,123.99) |
| Transfer to SGM - AePS Other | - | - | - | - | - | - | (114.44) | - | (114.44) |
| Transfer to SGM - NETC Other | - | - | - | - | - | - | (7.99) | - | (7.99) |
| Transfer to SGM - UPI Other | - | - | - | - | - | - | (397.78) | - | (397.78) |
| Transfer to SGM - RuPay Other | - | - | - | - | - | - | (101.41) | - | (101.41) |
| Transfer to SGM - NACH Other | - | - | - | - | - | - | (96.75) | - | (96.75) |
| Balance as at 31-Mar-2023 | 16,048.39 | 32,500.00 | 1,000.00 | 19,647.00 | 100.00 | 40,000.00 | 2,47,837.99 | (163.64) | 3,56,969.74 |

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 CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Standalone Statement of Cash Flows

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Cash flow from operating activities | | |
| Net surplus / (deficit) for the year | 1,48,431.61 | 1,10,137.50 |
| Adjustment to reconcile net surplus / (deficit) to net cash by operating activities | | |
| Depreciation and Amortisation Expenses | 22,062.79 | 16,276.37 |
| (Gain) / Loss on sale or disposal of assets | 5.63 | 0.08 |
| Foreign Exchange (gain) / loss | 7.66 | 14.86 |
| Interest Income | (32,478.25) | (22,004.21) |
| Provisions | 15,907.89 | 11,050.78 |
| Liabilities no longer required - written back | (4,628.77) | (1,143.04) |
| Operating surplus / (deficit) before working capital changes | 1,49,308.56 | 1,14,332.34 |
| Adjustment for: | | |
| Trade and other receivables | (16,846.55) | (5,736.17) |
| Trade and other payables | 29,342.66 | 6,114.64 |
| Cash generated from / (used in) operations | 1,61,804.67 | 1,14,710.81 |
| Adjustment for Income Tax | (38,291.91) | (32,742.04) |
| Net cash generated from / (used in) operating activities (A) | 1,23,512.76 | 81,968.77 |
| Cash flow from investing activities | | |
| Expenditure on Property, plant and equipment | (37,662.58) | (45,573.69) |
| Redemption / (Investment) in earmarked funds | (61,070.91) | (80,027.17) |
| Redemption / (Investment) in own fund in Bank FD | (1,00,939.86) | 6,078.85 |
| Redemption / (Investment) with Financial Institutions | 28,456.85 | 41,793.15 |
| Redemption / (Investment) in Government Securities (quoted) | 3,982.83 | (19,710.20) |
| Redemption / (Investment) in T-Bills | 25,997.45 | 2,354.35 |
| Redemption / (Investment) in Government Bonds | 5,000.00 | 1,500.00 |
| Sale / (Investment) in subsidiaries | (10,000.00) | - |
| Interest Income | 32,966.19 | 18,286.18 |
| Net cash generated from / (used in) investing activities (B) | (1,13,270.03) | (75,298.53) |
| Net cash generated from / (used in) financing activities (C) | - | - |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 10,242.73 | 6,670.24 |
| Cash and cash equivalents at the beginning of the period | 22,359.31 | 15,689.07 |
| Cash and cash equivalents at the end of the period | 32,602.04 | 22,359.31 |

Cash and cash equivalents comprise of the following:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.10 |
| Current account (Own Fund) | 23,324.54 | 4,513.63 |
| Current account (Flexi Facility with Bank) | 1,980.00 | 555.00 |
| Current account (International Settlements) | 7,296.40 | 4,389.58 |
| Deposits with Banks | | |
| Original maturity less than 3 months and with current maturity less than 3 months (Callable) | - | 12,900.00 |
| Total | 32,602.04 | 22,359.31 |

As per our report attached

For and on behalf of the Board of Directors

For CHANDABHOY & JASSOOBHOY

Chartered Accountants

Registration No.: 101647W

Ajay Kumar Choudhary

Chairman

DIN: 09498080

Padmini Khare Kaicker

Director

DIN: 00296388

CA Ambesh Dave

Partner

Membership No.: 049289

Dilip Asbe

Managing Director & CEO

DIN: 02990724

Rupesh H. Acharya

Chief Financial Officer

Place : Mumbai

Date: 22-May-2024

Priyanka Agrawal

Company Secretary

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Material Accounting Policies for the year ended 31st March 2024

Company Overview

National Payments Corporation of India (NPCI / The Company), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India. The Company has its registered office at 1001A, B Wing, 10th Floor, The Capital, Bandra - Kurla Complex, Bandra (East) Mumbai, 400051, Maharashtra, India.

Considering the utility nature of the objects of NPCI, it has been incorporated as a "Not for Profit" Company under the provisions of Section 8 of The Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems. The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

The 10 promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank Limited, HDFC Bank Limited, Citibank N. A. and HSBC. In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors. In 2020, new entities regulated by RBI were inducted, consisting of Payment Service Operators, payment banks, Small Finance Banks, etc. The shares were allotted pursuant to issuance of equity shares on private placement basis in compliance to the applicable provisions of the Companies Act, 2013. There are 65 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, 1 Payments bank, 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), Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI), National Electronic Toll Collection (NeTC), Bharat Interface for Money (BHIM), Aadhaar Payment Bridge System (ABPS), National Common Mobility Card (NCMC), etc. The above initiatives will contribute towards achieving Less-cash society. The Company through its product and services is continuously participating in the Financial Inclusion programme and Direct Benefit Transfer (DBT) initiatives. The Company has arrangement with International Card schemes such as Discover Financial Services, JCBI, China Union Pay International and Mercury to provide the Global

acceptance. The Company has set up Innovation Council comprising of industry leaders from payment industry for activities related to innovation in payment systems. NPCI has built its own data centres for hosting the Information Technology infrastructure.

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 Less-cash society. The Company has been organizing digital financial literacy trainings for the customers of various organizations.

The training activities comprises meaning of Less-cash 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), UPI 123PAY and DigiSaathi. The products are explained to the users with the help of 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.

The Company has two wholly owned subsidiaries "NPCI International Payments Limited (NIPL)" and "NPCI Bharat BillPay Limited (NBBL)" which were incorporated on April 03, 2020 and December 10, 2020 respectively.

NIPL is devoted to deployment of indigenously developed payment solutions such as UPI (Unified Payment Interface) and RuPay Cards in international market, to help countries democratize payments with sovereignty.

The Bharat Bill Payment System (BBPS) is an authorized payment system operated by NBBL. BBPS ecosystem offers integrated, accessible and interoperable bill payment services to consumers across geographies with certainty, reliability and safety of transactions to customers through a network of channels, enabling multiple payment modes, and providing instant confirmation of receipt of payment.

1.1. Basis of Preparation & Presentation 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. The presentation and disclosure requirements are

Notes to Standalone Financial Statements

for the year ended 31st March 2024

in accordance with Schedule III of the Companies Act, 2013 as amended from time to time. These financial statements have been prepared under the historical cost convention on accrual basis except for 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 financial statements include the Balance Sheet, the Statement of Income and Expenditure, the Statement of Changes in Equity, the Statement of Cash Flows and Notes comprising a summary of material accounting policies and other explanatory information and comparative information in respect of the preceding year.

The financial statements are presented in Indian Rupees rounded off to the nearest lakh ('00,000) as permitted by Schedule III of the Companies Act, 2013 except where otherwise indicated.

1.2. Statement of Cash flows

The statement of Cash flows has been prepared and presented as per the requirements of IND-AS 7 "Statement of Cash flows". Cash flows are reported using the indirect method, whereby surplus for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

1.3. 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.

1.4. Use of estimates, judgements and key sources of estimation uncertainty

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.

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.

1.4.1. 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 Discounted Cash Flow (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 Cash Generating Unit (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.

1.4.2. Useful lives of Property, Plant and Equipment

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

1.4.3. Valuation of Deferred Tax Assets

The Company reviews the carrying amount of deferred tax assets as at each reporting date.

1.4.4. 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

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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.

1.5. 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 as intended by the management. Any trade discounts and rebates are deducted in arriving at the purchase price. 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.

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. PPE not ready for the intended use, on the date of the Balance Sheet are disclosed as "Capital Work-in-Progress".

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

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. Useful life of assets is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits of the asset. Depreciation for additions to/deductions from, owned Assets is calculated on pro rata basis. 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.

An item of PPE 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 PPE is de-recognised.

Depreciation is provided using the straight-line method as per the following useful life as specified in Schedule II of the Companies Act, 2013:

| Sr. No. | Nature of Assets | Estimated useful life (In years) |
|---------|---|--|
| | Tangible Assets | |
| 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 |
| 8 | Plant machinery and equipment | 8 – 15 |
| 9 | Electrical Installations | 10 |
| 10 | General Policy for all assets | Not Allowed - depreciation based on class of asset |

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.

1.6. 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Amortization is provided using the straight-line method as per the following useful life as specified in Schedule II of the Company's Act, 2013:

| Sr. No. | Nature of Assets Intangible Assets | Estimated useful life (In years) |
|---------|--|--|
| 1 | Software | 3 |
| 2 | Copyrights, and patents and other intellectual property rights | 5 |
| 3 | Brands / Brands acquired | NA (expensed out) / Tested for Impairment annually |
| 4 | Goodwill | Tested for Impairment annually |

1.7. 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.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

1.8. Research and development expenditure

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

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

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

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

1.9. 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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 surplus or deficit after tax from discontinued operations in the statement of Income & Expenditure.

All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

1.10. Impairment of Assets

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

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

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

Recoverable amount is determined:

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

1.11. 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.

1.12. Other Equity

- i. Product SGM Reserve is created as per the Policy on Standardised Settlement Guarantee Mechanism as approved by RBI. These reserves are to be utilised as Company's contribution to meet the exigencies of settlement risk in the online products.

- ii. The Company also creates Technology , Risk Cover & Sustainability Reserves by way of appropriation from the surplus after tax as per the policy approved by the Board.

1.13. 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.

1.14. 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 except for trade receivables which are initially measured at transaction price.

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

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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

A financial asset is de-recognised when and only when:

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

Financial Liabilities

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

Offsetting

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

1.15. Revenue recognition

Revenue from contracts with customers is recognised when services are rendered to the customers or upon completion of services 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 as per Ind AS 115 – Revenue from Contracts with Customers.

1.15.1. 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, BHIM, ABPS, NCMC etc. Revenue from such products and services is accounted for all transactions 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 decides on the fee structure including waiver, if any.

1.15.2. 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 employee bond recovery, shared service income from subsidiaries, sale of scrap, fees received towards tender process, loyalty fees, business support charges, etc.

1.16. Employee Benefits

1.16.1. 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

Notes to Standalone Financial Statements

for the year ended 31st March 2024

payments paid to the employees of the Company are recognized during the period in which the employee renders such related services.

1.16.2. 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.

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 recognized in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to statement of income & expenditure.

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

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 recognized in statement of expenditure.

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 statement of income & expenditure.

In case of inter-company employee transfers within the NPCI group, it is treated as continuity in service period and as such the Company recognizes long service provided by its employees by calculating the period of service from the date of joining of the group and not the date of transfer to the Company. Further, in case of such inter-company transfer, the transferee company cross charges to the transferor company the amount of Gratuity / Leave Encashment payable to the employee as on the date of transfer to transferor company. In case, the employee leaves before the eligible period of payment of gratuity, the above cross charge will be reversed.

1.17. Income Tax

The Company has been incorporated as a 'Not for Profit Company' under section 8 of Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956), and granted registration under section 12AB 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.

Tax expense (tax income) is the aggregate amount included in the determination of surplus or deficit for

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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, 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.

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 surplus. Deferred Tax Liabilities and Assets are measured based on the tax rates and tax laws enacted or substantively enacted as 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. The Company offsets,, the Deferred 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.

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.Earnings per share

Basic earnings per equity share are computed by dividing the net surplus 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 surplus 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 dilutive potential 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

1.19.Contingent Assets

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent Assets, if any, are disclosed in the Notes to Accounts.

1.20.Contingent Liabilities

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent Liabilities, if any, are disclosed in the Notes to Accounts.

1.21.Commitments

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

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

- The functional currency of the Company is Indian rupee.
- 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 reporting date. 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 reporting date at the closing rate are recognised in income and expenditure in the period in which they arise.

Notes to Standalone Financial Statements

as at 31st March 2024

2 NOTES TO ACCOUNTS

2.01 Property, Plant and Equipment

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|--|----------------------|-----------|-----------|--------------------------|----------------------|-----------|-----------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Land | 3,995.04 | - | - | 3,995.04 | - | - | - | 3,995.04 | 3,995.04 |
| Building | 19,865.50 | 1,318.00 | - | 21,183.50 | 685.63 | 356.82 | - | 20,141.05 | 19,179.87 |
| Computers | 3,789.62 | 921.17 | 4.91 | 4,705.88 | 2,478.81 | 855.15 | 4.11 | 1,376.03 | 1,310.81 |
| Network Equipment | 17,796.84 | 2,075.15 | 0.65 | 19,871.34 | 10,070.63 | 2,603.23 | 0.62 | 12,673.24 | 7,726.21 |
| Switching Equipment / Central Processors | 46,009.76 | 24,153.58 | 75.52 | 70,087.82 | 22,277.58 | 9,078.71 | 70.84 | 31,285.45 | 23,732.18 |
| Furniture and Fixture | 718.29 | 501.47 | - | 1,219.76 | 272.68 | 150.27 | - | 422.95 | 445.61 |
| Electrical Installation | 14,825.98 | 648.09 | - | 15,474.07 | 893.29 | 1,700.62 | - | 12,880.16 | 13,932.69 |
| Office Equipment | 978.53 | 370.77 | 1.11 | 1,348.19 | 552.16 | 227.97 | 0.29 | 779.84 | 426.37 |
| Leasehold improvement | 587.21 | 289.54 | - | 876.75 | 213.57 | 236.80 | - | 426.38 | 373.64 |
| Plant and Machinery | 4,509.10 | - | - | 4,509.10 | 163.97 | 301.22 | - | 4,043.91 | 4,345.13 |
| Total | 1,13,075.87 | 30,277.77 | 82.19 | 1,43,271.45 | 37,608.32 | 15,510.79 | 75.86 | 53,043.25 | 75,467.55 |

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2023

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
|--|----------------------|-----------|-----------|--------------------------|----------------------|-----------|-----------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Land | 3,995.04 | - | - | 3,995.04 | - | - | - | 3,995.04 | 3,995.04 |
| Building | 4,022.39 | 15,843.11 | - | 19,865.50 | 474.43 | 211.20 | - | 19,179.87 | 3,547.96 |
| Computers | 3,045.82 | 755.55 | 11.75 | 3,789.62 | 1,838.03 | 652.05 | 11.27 | 2,478.81 | 1,207.79 |
| Network Equipment | 13,253.36 | 4,587.70 | 44.22 | 17,796.84 | 7,816.28 | 2,298.57 | 44.22 | 10,070.63 | 5,437.08 |
| Switching Equipment / Central Processors | 27,188.26 | 18,821.50 | - | 46,009.76 | 16,786.09 | 5,491.49 | - | 22,277.58 | 10,402.17 |
| Furniture and Fixture | 546.60 | 171.69 | - | 718.29 | 208.60 | 64.08 | - | 272.68 | 338.00 |
| Electrical Installation | 208.83 | 14,617.15 | - | 14,825.98 | 81.49 | 811.80 | - | 893.29 | 127.34 |
| Office Equipment | 638.73 | 339.80 | - | 978.53 | 447.50 | 104.66 | - | 552.16 | 191.23 |
| Leasehold improvement | 569.42 | 17.79 | - | 587.21 | 110.54 | 103.03 | - | 213.57 | 458.88 |
| Plant and Machinery | - | 4,509.10 | - | 4,509.10 | - | 163.97 | - | 4,345.13 | - |
| Total | 53,468.45 | 59,663.39 | 55.97 | 1,13,075.87 | 27,762.96 | 9,900.85 | 55.49 | 37,608.32 | 25,705.49 |

Notes:

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

Notes to Standalone Financial Statements

as at 31st March 2024

2.02 Capital Work-In-Progress

Capital Work in Progress (CWIP) as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | Total |
|--------------------------------|------------------|-----------------|--------------|-------------------------|-----------------|
| Projects in progress | 5,769.43 | 1,325.92 | 70.05 | - | 7,165.40 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 5,769.43 | 1,325.92 | 70.05 | - | 7,165.40 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | To Be Completed | | | | Total |
|-----------------------------|------------------|-------------|-------------|-------------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| None | - | - | - | - | - |
| Total | - | - | - | - | - |

Capital Work in Progress (CWIP) as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | Total |
|--------------------------------|------------------|---------------|--------------|-------------------------|------------------|
| Projects in progress | 12,527.67 | 290.31 | 67.46 | - | 12,885.44 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 12,527.67 | 290.31 | 67.46 | - | 12,885.44 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | To be completed | | | | Total |
|------------------------------|------------------|--------------|-------------|-------------------------|---------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| Smart Data Centre - Project* | 645.44 | 85.79 | - | - | 731.23 |
| Total | 645.44 | 85.79 | - | - | 731.23 |

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

Notes to Standalone Financial Statements

as at 31st March 2024

2.03 Right of Use Assets

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|---------------------|----------------------|---------------|-----------------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Right of Use Assets | 10,796.24 | 539.10 | 1,409.17 | 9,926.17 | 6,260.11 | 1,364.51 | 7,624.62 | 4,536.13 |
| Total | 10,796.24 | 539.10 | 1,409.17 | 9,926.17 | 6,260.11 | 1,364.51 | 7,624.62 | 4,536.13 |

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|---------------------|----------------------|-----------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Right of Use Assets | 9,256.11 | 1,540.13 | - | 10,796.24 | 4,742.53 | 1,517.58 | 6,260.11 | 4,513.58 |
| Total | 9,256.11 | 1,540.13 | - | 10,796.24 | 4,742.53 | 1,517.58 | 6,260.11 | 4,513.58 |

2.04 Intangible Assets

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|-------------------|----------------------|------------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Computer Software | 41,190.75 | 11,662.33 | - | 52,853.08 | 36,274.93 | 5,187.70 | 41,462.63 | 4,915.82 |
| Total | 41,190.75 | 11,662.33 | - | 52,853.08 | 36,274.93 | 5,187.70 | 41,462.63 | 4,915.82 |

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March 2023

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|-------------------|----------------------|-----------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Computer Software | 38,324.12 | 2,866.63 | - | 41,190.75 | 31,416.78 | 4,858.15 | 36,274.93 | 6,907.34 |
| Total | 38,324.12 | 2,866.63 | - | 41,190.75 | 31,416.78 | 4,858.15 | 36,274.93 | 6,907.34 |

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

Notes to Standalone Financial Statements

as at 31st March 2024

2.05 Intangible Assets Under Development (IAUD) as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Amount in IAUD for a period of | | | | Total |
|--------------------------------|--------------------------------|-----------------|---------------|-------------------------|------------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | 8,529.38 | 1,323.46 | 388.01 | 0.79 | 10,241.64 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 8,529.38 | 1,323.46 | 388.01 | 0.79 | 10,241.64 |

Intangible Assets Under Development whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | To be completed in | | | | Total |
|-----------------------------|--------------------|-------------|-------------|-------------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| None | - | - | - | - | - |
| Total | - | - | - | - | - |

Intangible Assets Under Development (IAUD) as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | Amount in IAUD for a period of | | | | Total |
|--------------------------------|--------------------------------|-----------------|--------------|-------------------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | 6,476.32 | 1,356.99 | 31.31 | 63.52 | 7,928.14 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 6,476.32 | 1,356.99 | 31.31 | 63.52 | 7,928.14 |

Intangible Assets Under Development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | To be completed in | | | | Total |
|-------------------------------|--------------------|---------------|-------------|-------------------------|---------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| Smart Data Centre - Project* | - | 63.52 | - | - | 63.52 |
| Project - Project Innovation* | - | 378.61 | - | - | 378.61 |
| Total | - | 442.13 | - | - | 442.13 |

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

- Smart Data Centre was January'2022.

- Project Innovation was March'2022.

Notes to Standalone Financial Statements

as at 31st March 2024

2.06 Investments (Non-Current)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty as at | | As at | As at |
|--|----------------------------|-------------|-------------|-------------|-------------|
| | | 31-Mar-2024 | 31-Mar-2023 | 31-Mar-2024 | 31-Mar-2023 |
| Quoted Investment carried at amortised cost | | | | | |
| I. Investment in Government Securities with Maturity more than 12 months | | | | | |
| G-Sec 7.35% 2024 | 100 | - | 4,00,000 | - | 398.29 |
| G-Sec 8.40% 2024 | 100 | - | 4,00,000 | - | 401.91 |
| G-Sec 7.72% 2025 | 100 | 4,00,000 | 4,00,000 | 400.15 | 400.27 |
| G-Sec 8.15% 2026 | 100 | 6,00,000 | 6,00,000 | 603.46 | 604.59 |
| G-Sec 8.60% 2028 | 100 | 4,00,000 | 4,00,000 | 408.49 | 410.16 |
| G-Sec 7.88% 2030 | 100 | 8,00,000 | 8,00,000 | 797.87 | 797.60 |
| G-Sec 7.95% 2032 | 100 | 8,00,000 | 8,00,000 | 805.05 | 805.46 |
| G-Sec 8.24% 2033 | 100 | 14,00,000 | 14,00,000 | 1,438.61 | 1,441.24 |
| G-Sec 7.59% 2029 | 100 | 8,00,000 | 8,00,000 | 796.92 | 796.43 |
| G-Sec 7.61% 2030 | 100 | 4,00,000 | 4,00,000 | 398.93 | 398.80 |
| G-Sec 7.17% 2028 | 100 | 2,00,000 | 2,00,000 | 194.42 | 193.20 |
| G-Sec 7.59% 2026 | 100 | 4,00,000 | 4,00,000 | 398.91 | 398.35 |
| G-Sec 7.26% 2029 | 100 | 12,00,000 | 12,00,000 | 1,205.95 | 1,206.99 |
| G-Sec 8.24% 2027 | 100 | 6,00,000 | 6,00,000 | 609.88 | 612.86 |
| G-Sec 7.27% 2026 | 100 | 20,00,000 | 20,00,000 | 2,018.96 | 2,027.47 |
| G-Sec 7.57% 2033 | 100 | 20,00,000 | 20,00,000 | 2,088.43 | 2,095.15 |
| G-Sec 6.45% 2029 | 100 | 10,00,000 | 10,00,000 | 998.16 | 997.90 |
| G-Sec 6.18% 2024 | 100 | - | 4,00,000 | - | 402.47 |
| G-Sec 5.79% 2030 | 100 | 6,00,000 | 6,00,000 | 599.41 | 599.33 |
| G-Sec 6.19% 2034 | 100 | 33,00,000 | 33,00,000 | 3,274.73 | 3,273.06 |
| G-Sec 5.77% 2030 | 100 | 14,00,000 | 14,00,000 | 1,385.84 | 1,384.05 |
| G-Sec 5.85% 2030 | 100 | 12,00,000 | 12,00,000 | 1,187.82 | 1,186.38 |
| G-Sec 6.22% 2035 | 100 | 30,00,000 | 30,00,000 | 2,964.36 | 2,962.20 |
| G-Sec 5.63% 2026 | 100 | 11,00,000 | 11,00,000 | 1,099.47 | 1,099.24 |
| G-Sec 6.64% 2035 | 100 | 6,00,000 | 6,00,000 | 600.09 | 600.09 |
| G-Sec 5.74% 2026 | 100 | 23,00,000 | 23,00,000 | 2,278.03 | 2,270.59 |
| G-Sec 6.69% 2024 | 100 | - | 19,00,000 | - | 1,898.31 |
| G-Sec 6.54% 2032 | 100 | 2,00,000 | 2,00,000 | 189.49 | 188.52 |
| G-Sec 7.38% 2027 | 100 | 19,50,000 | 19,50,000 | 1,960.17 | 1,962.89 |
| G-Sec 7.10% 2029 | 100 | 68,00,000 | 68,00,000 | 6,723.63 | 6,711.54 |
| G-Sec 7.26% 2032 | 100 | 28,00,000 | 28,00,000 | 2,797.91 | 2,797.74 |
| G-Sec 6.89% 2025 | 100 | - | 20,00,000 | - | 1,992.43 |
| G-Sec 7.26% 2033 | 100 | 34,00,000 | 30,00,000 | 3,395.41 | 2,989.64 |
| G-Sec 7.17% 2030 | 100 | 8,00,000 | - | 800.15 | - |
| G-Sec 6.99% 2026 | 100 | 2,00,000 | - | 199.53 | - |
| Sub Total (A) | | | | 42,620.23 | 46,305.15 |
| II. Investment in Equity | | | | | |
| Unquoted - Investment in subsidiaries at cost | | | | | |
| NPCI International Payments Limited | 100 | 2,00,00,000 | 1,00,00,000 | 20,000.00 | 10,000.00 |
| NPCI Bharat BillPay Limited | 100 | 1,00,00,000 | 1,00,00,000 | 10,000.00 | 10,000.00 |
| Sub Total (B) | | | | 30,000.00 | 20,000.00 |
| Total (A+B) | | | | 72,620.23 | 66,305.15 |
| Aggregate amount of quoted investments | | | | 42,620.23 | 46,305.15 |
| Market Value of quoted investments | | | | 42,332.03 | 45,540.07 |
| Aggregate amount of unquoted investments | | | | 30,000.00 | 20,000.00 |
| Aggregate amount of impairment in value of investments | | | | - | - |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.06 Investments (Non-Current) (Contd..)

The Company has invested in Central Government Securities, Treasury Bills, Government of India Bonds which are sovereign in nature. Hence, company has not provided for any Expected Credit Loss (ECL) on investments.

During the FY 2023-2024, the company had invested into the share capital of its subsidiary i.e. NPCI International Payments Limited (NIPL) through Rights offer at par in proportion to the shares held by the company.

The company had subscribed to 1,00,00,000 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 the rights offer by NIPL to NPCI, the holding company. With this the total equity investment in the said subsidiary is ₹ 20,000 lakh.

2.07 Other Financial Assets (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Security Deposits* | 724.46 | 733.16 |
| Unamortised Advance Rental | 45.38 | 115.20 |
| Settlement Guarantee Fund (with International Alliances) | 172.42 | 134.06 |
| Sub Total (A) | 942.26 | 982.42 |
| Earmarked Deposits | | |
| Term Deposits with Banks | | |
| Original maturity more than 12 months and with current maturity more than 12 months (Callable) | | |
| - Bank Guarantee | 99.00 | 99.00 |
| - Technology Reserve | 9,000.00 | 27,250.00 |
| - NFS SGM Reserve | 500.00 | - |
| - AePS SGM Reserve | 500.00 | - |
| - IMPS SGM Reserve | 500.00 | - |
| - NACH SGM Reserve | 500.00 | - |
| - NeTC SGM Reserve | 500.00 | - |
| - UPI SGM Reserve | 500.00 | - |
| - RuPay SGM Reserve | 500.00 | - |
| - Risk Cover Reserve | 2,647.00 | 7,617.00 |
| - Sustainability Reserve | 27,500.00 | 3,473.15 |
| - SGM IMPS | - | 8,000.00 |
| - SGM AePS | - | 1,650.00 |
| - SGM NETC | 205.00 | 205.00 |
| - SGM UPI | 19,420.00 | 3,315.00 |
| - SGM RuPay | - | 3,400.00 |
| - SGM NACH | - | 2,970.00 |
| Sub Total (B) | 62,371.00 | 57,979.15 |
| Deposits with Banks | | |
| Original maturity more than 12 months and with current maturity more than 12 months (Callable) | 57,353.00 | 32,661.86 |
| Sub Total (C) | 57,353.00 | 32,661.86 |
| Total (A + B + C) | 1,20,666.26 | 91,623.43 |

*Security deposits includes deposits given for leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc.

2.08 Other Non-Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|----------------------|----------------------|
| Capital Advance | 4,427.27 | 22.98 |
| Prepaid Expenses* | 137.89 | 374.19 |
| Total | 4,565.16 | 397.17 |

*The prepaid expenses consist of un-expired portion of RuPay Card holder's and other insurance premium, annual maintenance expenses, subscription, etc.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.09 Investments (Current)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty as at | | As at | As at |
|--|----------------------------|-------------|-------------|-------------|-------------|
| | | 31-Mar-2024 | 31-Mar-2023 | 31-Mar-2024 | 31-Mar-2023 |
| Quoted Investments carried at amortised cost | | | | | |
| Investments in Government Securities with maturity less than 12 months | | | | | |
| G-Sec 6.69% 2024 | 100 | 19,00,000 | - | 1,899.66 | - |
| G-Sec 4.26% 2023 | 100 | - | 6,00,000 | - | 599.87 |
| G-Sec 4.56% 2023 | 100 | - | 18,00,000 | - | 1,792.64 |
| G-Sec 7.37% 2023 | 100 | - | 6,00,000 | - | 599.89 |
| G-Sec 7.32% 2024 | 100 | - | 12,00,000 | - | 1,203.50 |
| G-Sec 7.68% 2023 | 100 | - | 12,00,000 | - | 1,199.32 |
| G-Sec 7.35% 2024 | 100 | 4,00,000 | - | 399.68 | - |
| G-Sec 8.40% 2024 | 100 | 4,00,000 | - | 400.48 | - |
| G-Sec 6.18% 2024 | 100 | 4,00,000 | - | 400.94 | - |
| G-Sec 6.89% 2025 | 100 | 20,00,000 | - | 1,996.55 | - |
| Sub Total (A) | | | | 5,097.31 | 5,395.22 |
| Treasury Bill | | | | | |
| with maturity less than 3 months | 100 | - | 1,40,00,000 | - | 13,306.10 |
| with maturity more than 3 months but less than 12 months | 100 | - | 1,35,00,000 | - | 12,691.35 |
| Sub Total (B) | | | | - | 25,997.45 |
| Unquoted Investments carried at amortised cost | | | | | |
| Government of India 8% Savings Bond | 100 | - | 50,00,000 | - | 5,000.00 |
| Sub Total (C) | | | | - | 5,000.00 |
| Total (A+B+C) | | | | 5,097.31 | 36,392.67 |
| Aggregate amount of quoted investments | | | | 5,097.31 | 31,392.67 |
| Market Value of quoted investments | | | | 5,094.88 | 32,375.83 |
| Aggregate amount of unquoted investments | | | | - | 5,000.00 |
| Aggregate provision for diminution in value of Investments | | | | - | - |

The Company has invested in Central Government Securities, Treasury Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any Expected Credit Loss (ECL) on investments.

2.10 Trade Receivables

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Unsecured - Considered good | | |
| Receivables for Settlement Fees | 10,510.50 | 13,669.94 |
| Receivables for Network / IIN recoveries | 348.24 | 45.43 |
| Receivables for Certification / Others | 3,317.22 | 1,188.63 |
| Receivables for RuPay (others) | 239.17 | 188.88 |
| Unsecured - Significant increase in credit risk | | |
| Receivables for Settlement Fees | 52.22 | - |
| Less : Allowance for Credit Losses | (52.22) | (32.14) |
| Total | 14,415.13 | 15,060.74 |

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. Accordingly, our provision for expected credit loss (ECL) on trade receivable is not material.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Ageing of Trade Receivables as at 31-Mar-2024

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not due | Total |
|--|---|-------------------|---------------|---------------|-------------------|-----------------|----------|------------------|
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | | |
| Undisputed Trade Receivables - considered good | 10,437.85 | 407.14 | 420.06 | 414.81 | 424.44 | 2,310.83 | - | 14,415.13 |
| Undisputed Trade Receivables - significant increase in credit risk | - | - | - | - | 52.22 | - | - | 52.22 |
| 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 | - | - | - | - | (52.22) | - | - | (52.22) |
| Total | 10,437.85 | 407.14 | 420.06 | 414.81 | 424.44 | 2,310.83 | - | 14,415.13 |

Ageing of Trade Receivables as at 31-Mar-2023

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not due | Total |
|--|---|-------------------|---------------|---------------|-------------------|---------------|-------------|------------------|
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | | |
| Undisputed Trade Receivables - considered good | 13,268.29 | 297.45 | 450.32 | 507.26 | 32.14 | 534.73 | 2.69 | 15,092.88 |
| 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 | - | - | - | - | (32.14) | - | - | (32.14) |
| Total | 13,268.29 | 297.45 | 450.32 | 507.26 | - | 534.73 | 2.69 | 15,060.74 |

2.11 Cash and Cash Equivalents

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|-------------------|-------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.10 |
| Current account (Own Fund) | 23,324.54 | 4,513.63 |
| Current account (Flexi Facility with Bank)* | 1,980.00 | 555.00 |
| Current account (International Settlements) | 7,296.40 | 4,389.58 |
| Deposits with Banks | | |
| Original maturity less than 3 months and with current maturity less than 3 months (Callable) | - | 12,900.00 |
| Total | 32,602.04 | 22,359.31 |

*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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.12 Other Bank Balances

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Earmarked Funds | | |
| Balances with Banks | | |
| Current account (SGM Contribution) | 5,516.94 | 640.88 |
| Term deposits with banks | | |
| Original maturity less than 3 months and current maturity less than 3 months (Callable) | | |
| - SGM NFS | 1,970.00 | - |
| - SGM IMPS | 570.00 | 2,100.00 |
| - SGM AePS | 1,555.00 | 100.00 |
| - SGM NETC | 200.00 | - |
| - SGM UPI | 1,500.00 | 200.00 |
| - SGM RuPay | 2,050.00 | 60.00 |
| - SGM NACH | 730.00 | 245.00 |
| Original maturity 3 months to 12 months and current maturity less than 3 months (Non-Callable) | | |
| - Bank Guarantee | 7,250.00 | - |
| Original maturity 3 months to 12 months and current maturity less than 3 months (Callable) | | |
| - SGM IMPS | 2,250.00 | 2,378.00 |
| - SGM AePS | 790.00 | 985.00 |
| - SGM UPI | 9,100.00 | 8,870.00 |
| Original maturity 3 months to 12 months and current maturity 3 months to 12 months (Callable) | | |
| - Bank Guarantee | - | 7,500.00 |
| - Technology Reserve | - | 5,250.00 |
| - NFS SGM Reserve | - | 1,000.00 |
| - Risk Cover Reserve | - | 4,530.00 |
| - RuPay SGM Reserve | - | 100.00 |
| - Sustainability Reserve | - | 30,526.85 |
| - SGM NFS | 6,500.00 | 8,400.00 |
| - SGM IMPS | 20,000.00 | 12,499.00 |
| - SGM AePS | 2,000.00 | 4,578.00 |
| - SGM UPI | 9,000.00 | 3,000.00 |
| - SGM RuPay | - | 1,600.00 |
| - SGM NACH | 2,000.00 | 2,000.00 |
| Sub Total (A) | 72,981.94 | 96,562.73 |
| Deposits with Banks | | |
| Original maturity 3 months to 12 months but current maturity less than 3 months (Non-Callable) | 1,750.00 | - |
| Original maturity 3 months to 12 months but current maturity less than 3 months (Callable) | 7,500.00 | 11,199.00 |
| Original maturity 3 months to 12 months but current maturity more than 3 months to 12 months (Callable) | 17,500.00 | 31,101.29 |
| Sub Total (B) | 26,750.00 | 42,300.29 |
| Total (A+B) | 99,731.94 | 1,38,863.02 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.13 Other Financial Assets (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Advances to Employees | 211.71 | 133.63 |
| Unamortised Advance Rental | 42.62 | 46.12 |
| Deposit with insurance companies | 10.33 | 10.33 |
| Security deposit* | 259.88 | 248.11 |
| Interest Receivable on Income Tax Refund | 3,038.52 | 3,038.52 |
| Other Receivables | 8,416.94 | - |
| Interest Accrued but not due | | |
| - Other than SGM contribution deposits | 2,515.30 | 1,406.36 |
| - Government Securities, Treasury Bills & Government Bonds | 888.44 | 2,055.25 |
| - SGM NFS Contributions | 33.26 | 9.28 |
| - SGM IMPS Contributions | 135.64 | 392.03 |
| - SGM AePS Contributions | 22.52 | 11.73 |
| - SGM NETC Contributions | 1.94 | 2.31 |
| - SGM UPI Contributions | 182.88 | 395.69 |
| - SGM RuPay Contributions | 11.57 | 3.64 |
| - SGM NACH Contributions | 22.61 | 25.81 |
| Earmarked Funds | | |
| Term deposits with banks | | |
| Original maturity more than 12 months and current maturity less than 3 months (Callable) | | |
| - SGM NFS | - | 300.00 |
| - SGM NETC | - | 38.00 |
| - SGM UPI | - | - |
| - SGM RuPay | - | 285.00 |
| - SGM NACH | - | 199.00 |
| - Risk Cover Reserve | 19,000.00 | - |
| - Sustainability Reserve | 10,000.00 | - |
| Original maturity more than 12 months and current maturity more than 3 months to 12 months (Callable) | | |
| - Technology Reserve | 28,500.00 | - |
| - Risk Cover Reserve | 2,000.00 | 7,500.00 |
| - Sustainability Reserve | 12,500.00 | 6,000.00 |
| - SGM NFS | - | 800.00 |
| - SGM IMPS | 8,000.00 | 12,300.00 |
| - SGM AePS | 1,650.00 | - |
| - SGM NETC | - | 120.00 |
| - SGM UPI | 7,315.00 | 15,400.00 |
| - SGM RuPay | 3,400.00 | - |
| - SGM NACH | 2,970.00 | 590.00 |
| Term Deposits with Banks | | |
| Original maturity more than 12 months but current maturity less than 3 months (Callable) | - | 199.00 |
| Original maturity more than 12 months but current maturity more than 3 months to 12 months (Non-Callable) | 18,000.00 | - |
| Original maturity more than 12 months but current maturity more than 3 months to 12 months (Callable) | 83,998.01 | 10,000.00 |
| Total | 2,13,127.17 | 61,509.81 |

*Security deposits includes deposits given for 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-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 company's Treasury team. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.14 Other Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------------|----------------------|----------------------|
| Prepaid Expenses* | 2,483.68 | 1,221.76 |
| GST Input/Cenvat Credit | 16,616.24 | 13,057.82 |
| Advances to Vendors | 4,621.66 | 4,580.96 |
| Total | 23,721.58 | 18,860.54 |

*The prepaid expenses consist of un-expired portion of RuPay Card holder's and other insurance premium, annual maintenance expenses, subscription, etc.

EQUITY AND LIABILITIES

2.15 Equity Share Capital

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Authorised Share Capital | | |
| 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 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 Share Capital | | |
| 1,40,36,692 Equity Shares of ₹ 100 each fully paid up (PY 1,40,36,692 Equity Share of ₹100 each) | 14,036.69 | 14,036.69 |
| Total | 14,036.69 | 14,036.69 |

Reconciliation of shares outstanding as at the beginning and year ended 31st March 2024:

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | |
|--|-------------------|-----------|-------------------|-----------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | |
| | Number | Amount | Number | Amount |
| Shares outstanding as at the beginning of the year | 1,40,36,692 | 14,036.69 | 1,40,36,692 | 14,036.69 |
| Addition during the year | - | - | - | - |
| Shares outstanding as 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 ₹100 each. Each holder of equity shares is entitled to one vote per share.

In the period of five years immediately preceding 31st March, 2024:

- 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | |
|----------------------|--------------------|--------------|--------------------|--------------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | |
| | 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% |
| 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% |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |

Details of shareholding of promoters as at 31-Mar-2024

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | | % of change during the year |
|----------------------|--------------------|--------------|--------------------|--------------|-----------------------------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | | |
| | 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% | - |
| 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% | - |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |

Details of shareholding of promoters as at 31-Mar-2023

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | | % of change during the year |
|----------------------|-------------------|---------|-------------------|---------|-----------------------------|
| | As at 31-Mar-2023 | | As at 31-Mar-2022 | | |
| | No. of | % of | No. of | % of | |
| | shares held | holding | shares held | 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% | - |
| 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% | - |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.17 Lease Liabilities (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 1,475.37 | 4,097.48 |
| Total | 1,475.37 | 4,097.48 |

2.18 Other financial liabilities (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - NFS Contribution | 8,455.32 | 8,124.71 |
| SGM - IMPS Contribution | 30,803.60 | 37,218.24 |
| SGM - AePS Contribution | 6,684.83 | 7,312.79 |
| SGM - NETC Contribution | 371.18 | 359.40 |
| SGM - UPI Contribution | 46,309.52 | 30,781.93 |
| SGM - RuPay Contribution | 5,420.80 | 5,335.50 |
| SGM - NACH Contribution | 5,687.84 | 5,915.32 |
| Deposit- Collateral AePS/NETC/UPI | 500.59 | 439.61 |
| Deposit - Collateral RuPay International alliances | 14,884.46 | 4,149.73 |
| SGM - NFS (Other)* | 2,708.44 | 2,418.96 |
| SGM - IMPS (Other)* | 4,405.50 | 3,014.13 |
| SGM - AePS (Other)* | 287.29 | 54.76 |
| SGM - NETC (Other)* | 21.28 | 12.36 |
| SGM - UPI (Other)* | 1,300.51 | 154.37 |
| SGM - RuPay (Other)* | 222.15 | 34.25 |
| SGM - NACH (Other)* | 325.24 | 58.20 |
| Total | 1,28,388.55 | 1,05,384.26 |

*Pertains to the net income on SGM - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

NPCI has control over the funds received towards SGM contribution from Member Banks for the period the funds are held by it and the investments made with such funds. However, there is also an obligation to repay the funds to the Member Banks as per the Standardised SGM policy approved by RBI. Accordingly, the Company recognises SGM contribution received from Member Banks as a 'liability' and amounts invested from such contributions as 'assets' in the financial statements. The SGM balance held by the Company as well as the related amounts in the form of cash / investments are restricted in nature and can only be used for specified purposes as mentioned in Standardised SGM Policy.

As on 31-Mar-2024, the total funds amounting to ₹ 1,03,733.09 lakh is received towards SGM contribution from Member Banks. From such contributions ₹ 1,03,175.00 lakh is invested in Fixed deposits and ₹ 703.00 lakh is available in bank account.

SGM – NFS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - NFS Contribution balance at the beginning | 8,124.71 | 11,171.26 |
| Add : Contribution received during the year | 1,937.97 | 6,035.68 |
| Less : Contribution refunded during the year | (1,607.35) | (9,082.23) |
| SGM - NFS Contribution balance at the end | 8,455.32 | 8,124.71 |
| SGM - NFS (Other) balance at the beginning | 2,418.96 | 2,071.30 |
| Interest received on SGM- NFS investments | 541.50 | 605.35 |
| Less: LOC charges | (150.77) | (137.45) |
| Less : Salary expense | (3.89) | (3.31) |
| Less : Income Tax | (97.36) | (116.93) |
| SGM - NFS (Other) balance at the end | 2,708.44 | 2,418.96 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

SGM – NFS (Contd..)

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy proposed by the Company. In line with the policy, the Company has collected from Member Banks availing NFS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 8,455.32 lakh. The SGM Contribution is placed as earmarked fixed deposits. The amount in SGM - NFS (Other) is the net income on SGM NFS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

SGM – IMPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - IMPS Contribution balance at the beginning | 37,218.24 | 35,829.83 |
| Add : Contribution received during the year | 10,416.00 | 23,861.43 |
| Less : Contribution refunded during the year | (16,830.64) | (22,473.02) |
| SGM - IMPS Contribution balance at the end | 30,803.60 | 37,218.24 |
| SGM - IMPS (Other) balance at the beginning | 3,014.13 | 1,890.14 |
| Interest received on SGM- IMPS investments | 2,459.47 | 2,178.19 |
| Less: LOC charges | (585.06) | (660.26) |
| Less: Salary expense | (15.08) | (15.92) |
| Less: Income Tax | (467.96) | (378.03) |
| SGM - IMPS (Other) balance at the end | 4,405.50 | 3,014.13 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for IMPS proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing IMPS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 30,803.60 lakh. The SGM contribution is placed as earmarked fixed deposits. The amount in SGM - IMPS (Other) is the net income on SGM IMPS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM – AePS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - AePS Contribution balance at the beginning | 7,312.79 | 6,424.09 |
| Add : Contribution received during the year | 2,246.90 | 2,180.51 |
| Less : Contribution refunded during the year | (2,874.87) | (1,291.80) |
| SGM - AePS Contribution balance at the end | 6,684.83 | 7,312.79 |
| SGM - AePS (Other) balance at the beginning | 54.76 | (59.68) |
| Interest received on SGM- AePS investments | 476.33 | 331.53 |
| Less: LOC charges | (161.43) | (174.39) |
| Less: Salary expense | (4.16) | (4.21) |
| Less: Income Tax | (78.21) | (38.49) |
| SGM - AePS (Other) balance at the end | 287.29 | 54.76 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for AePS proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing AePS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 6,684.83 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - AePS (Other) is the net income on SGM AePS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

SGM – NETC

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - NETC Contribution balance at the beginning | 359.40 | 340.38 |
| Add : Contribution received during the year | 41.99 | 124.48 |
| Less : Contribution refunded during the year | (30.20) | (105.46) |
| SGM - NETC Contribution balance at the end | 371.18 | 359.40 |
| SGM - NETC (other) balance at the end | 12.36 | 4.37 |
| Interest received on SGM- NETC investments | 22.60 | 17.10 |
| Less: LOC charges | (10.42) | (6.27) |
| Less: Salary expense | (0.27) | (0.15) |
| Less: Income Tax | (3.00) | (2.69) |
| SGM - NETC (other) balance at the end | 21.28 | 12.36 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for NETC proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing NETC services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 371.18 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - NETC (Other) is the net income on SGM NETC - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM – UPI

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - UPI Contribution balance at the beginning | 30,781.93 | 19,506.39 |
| Add : Contribution received during the year | 17,208.45 | 13,611.86 |
| Less : Contribution refunded during the year | (1,680.87) | (2,336.32) |
| SGM - UPI Contribution balance at the end | 46,309.51 | 30,781.93 |
| SGM - UPI (other) balance at the beginning | 154.37 | (243.41) |
| Interest received on SGM- UPI investments | 2,691.51 | 1,379.74 |
| Less: LOC charges | (1,130.75) | (828.20) |
| Less: Salary expense | (29.15) | (19.97) |
| Less: Income Tax | (385.48) | (133.79) |
| SGM - UPI (other) balance at the end | 1,300.51 | 154.37 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for UPI proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing UPI services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 46,309.51 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - UPI (Other) is the net income on SGM UPI - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM – RuPay

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - RuPay Contribution balance at the beginning | 5,335.50 | 5,778.20 |
| Add : Contribution received during the year | 1,463.09 | 2,334.24 |
| Less : Contribution refunded during the year | (1,377.79) | (2,776.94) |
| SGM - RuPay Contribution balance at the end | 5,420.80 | 5,335.50 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

SGM – RuPay (Contd..)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - RuPay (other) balance at the beginning | 34.25 | (67.16) |
| Interest received on SGM- RuPay investments | 367.51 | 271.10 |
| Less: LOC charges | (113.49) | (132.39) |
| Less: Salary expense | (2.93) | (3.19) |
| Less: Income Tax | (63.20) | (34.11) |
| SGM - RuPay (other) balance at the end | 222.15 | 34.25 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for RuPay proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing RuPAY services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 5,420.80 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - RuPay (Other) is the net income on SGM RuPay - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM – NACH

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - NACH Contribution balance at the beginning | 5,915.32 | 2,564.77 |
| Add : Contribution received during the year | 5,606.64 | 6,943.12 |
| Less : Contribution refunded during the year | (5,834.13) | (3,592.57) |
| SGM - NACH Contribution balance at the end | 5,687.83 | 5,915.32 |
| SGM - NACH (other) balance at the beginning | 58.20 | (38.55) |
| Interest received on SGM- NACH investments | 433.38 | 222.00 |
| Less: LOC charges | (74.61) | (90.53) |
| Less: Salary expense | (1.92) | (2.18) |
| Less: Income Tax | (89.81) | (32.54) |
| SGM - NACH (other) balance at the end | 325.23 | 58.20 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for NACH proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing NACH services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 5,687.83 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - NACH (Other) is the net income on SGM NACH - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

2.19 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Deferred Tax Liabilities | | |
| Property, Plant and Equipment | 4,447.39 | 3,549.94 |
| Right of Use Assets | 579.26 | 1,141.76 |
| Deferred Tax Assets | | |
| Lease Liabilities | (696.67) | (1,335.69) |
| Provision for Gratuity | (92.63) | (69.64) |
| Provision for Leave Encashment | (111.79) | (98.64) |
| Investment in Government Securities and Treasury Bills | - | (54.89) |
| Share Issue Expenses | (1.42) | (2.84) |
| Other Comprehensive Income | (83.00) | - |
| Allowance for Credit Losses | (13.14) | - |
| Total | 4,028.00 | 3,130.00 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.20 Other Non-Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Service Charges (Network) received in advance | 1,011.91 | 685.27 |
| Total | 1,011.91 | 685.27 |

2.21 Provisions (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--------------------------------------|----------------------|----------------------|
| Provision for Gratuity (net) | 368.04 | 142.96 |
| Provision for Leave Encashment (net) | 444.17 | 322.04 |
| Total | 812.21 | 465.00 |

2.22 Lease Liabilities (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 1,292.70 | 1,209.12 |
| Total | 1,292.70 | 1,209.12 |

2.23 Trade Payables

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Micro and Small Enterprises | 1.91 | 466.86 |
| Other than Micro and Small Enterprises | 4,295.89 | 6,843.04 |
| Total | 4,297.80 | 7,309.90 |

Ageing of Trade Payables as at 31-Mar-2024

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | Unbilled | Not Due | Total |
|--|---------------------|----------------|-----------------|----------------------|-----------------|----------|---------------|-----------------|
| Micro and Small Enterprises | 1.91 | - | - | - | 1.91 | - | - | 1.91 |
| Other than Micro and Small Enterprises | 1,740.48 | - | 1,352.49 | 449.92 | 3,542.88 | - | 753.01 | 4,295.89 |
| Disputed dues - Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues - Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 1,742.39 | - | 1,352.49 | 449.92 | 3,544.79 | - | 753.01 | 4,297.80 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Ageing of Trade Payables as at 31-Mar-2023

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | Unbilled | Not Due | Total |
|--|------------------|-------------|-----------------|-------------------|-----------------|----------|---------------|-----------------|
| Micro and Small Enterprises | 466.86 | - | - | - | 466.86 | - | - | 466.86 |
| Other than Micro and Small Enterprises | 4,038.74 | | 2,295.30 | - | 6,334.04 | - | 509.00 | 6,843.04 |
| Disputed dues - Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues - Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 4,505.60 | - | 2,295.30 | - | 6,800.90 | - | 509.00 | 7,309.90 |

2.24 Other Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|-------------------|-------------------|
| Payable for Ministry of Rural Development (MORD) | 1.23 | 0.76 |
| Security Deposits | 1.57 | 1.57 |
| Earnest Money Deposits | 474.37 | 325.99 |
| Capital Creditors | 288.81 | 297.92 |
| Other Payables | 15,318.57 | 6,126.63 |
| Total | 16,084.55 | 6,752.87 |

2.25 Others Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|-------------------|-------------------|
| Statutory Liabilities* | 6,339.24 | 5,671.50 |
| Advance for Centralised Promotion of IMPS (Net)** | - | - |
| Advance from Customers | 5,738.69 | 585.82 |
| Service Charges (Network) received in advance | 411.72 | 370.55 |
| Total | 12,489.65 | 6,627.87 |

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

**The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|-------------------|-------------------|
| Opening balance | - | 0.40 |
| Less : Expenses towards Centralised Promotion of IMPS | - | (0.40) |
| Total | - | - |

2.26 Provisions (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|------------------------|-------------------|-------------------|
| Provision for Expenses | 43,017.37 | 32,085.46 |
| Total | 43,017.37 | 32,085.46 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

The movement in the provision for expenses including the Non-Current Provisions is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Balance as at the beginning of the year | 32,550.46 | 22,642.72 |
| Provision during the year | 58,895.19 | 30,586.17 |
| Less : Provision reversed during the year | (4,628.77) | (1,143.04) |
| Less : Provision utilised during the year | (42,987.30) | (19,535.39) |
| Balance as at the end of the Year | 43,829.58 | 32,550.46 |

2.27 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Provision for Tax - (Net of Advance Income Tax and TDS) | 18,059.35 | 18,351.26 |
| Total | 18,059.35 | 18,351.26 |

Net of Advance Income Tax and TDS of ₹ 1,58,881.30 lakh as at 31-Mar-2024 and of ₹ 1,20,589.39 lakh as at 31-Mar-2023

Income Taxes

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

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--------------|----------------------|----------------------|
| Current Tax | 38,000.00 | 27,600.00 |
| Deferred Tax | 981.00 | 1,598.45 |
| Total | 38,981.00 | 29,198.45 |

A Reconciliation of tax expense and the accounting surplus multiplied by India's domestic tax rate for the year ended 31st March, 2024 is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Surplus before tax (including exceptional items) | 1,48,431.61 | 1,10,137.50 |
| Applicable Tax Rate | 25.17% | 25.17% |
| Computed expected Tax Expense | 37,357.27 | 27,721.61 |
| Interest Income on Security Deposits(FV) | (25.43) | (11.51) |
| Increase in Interest on G Sec-EIR | (3.07) | (8.76) |
| Interest income taxable as Income from other source | (8,174.13) | (5,538.02) |
| Deferred Taxes | 981.00 | 1,598.45 |
| Items of Income and Expenses not considered for Tax purposes | (7,221.63) | (3,959.84) |
| Provision for Straight Lining of Leases reversed | 91.35 | 107.51 |
| Rental Expenses (Security Deposits) | 22.91 | 12.32 |
| CSR Expenses | 491.85 | 332.34 |
| Other Disallowances - Gratuity and Leave Encashment Provisions and others | 503.36 | 578.86 |
| Items of Expense not deductible for Tax purposes | 1,109.47 | 1,031.03 |
| Excess Depreciation as per Income Tax | (500.78) | (1,181.18) |
| 1/5th Amortisation of Share Issue Expenses | (1.42) | (1.42) |
| Items of Expense deductible for Tax purposes | (502.20) | (1,182.60) |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

A Reconciliation of tax expense and the accounting surplus multiplied by India's domestic tax rate for the year ended 31st March, 2024 is as follows: (Contd..)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Interest Income | 8,174.13 | 5,538.02 |
| Others | 63.96 | 50.23 |
| Income from other sources | 8,238.09 | 5,588.25 |
| Total | 38,981.00 | 29,198.45 |
| Tax Expense recognised during the year | 38,981.00 | 29,198.45 |

The applicable statutory tax rate for financial year 2023-24 & 2022-23 is 25.17%

Financial Instruments

Financial Instrument by Category

The carrying value and fair value of financial instruments by categories are as follows:

Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Receivables | 14,415.13 | 15,060.74 |
| Cash and Cash Equivalents | 32,602.04 | 22,359.31 |
| Bank balances other than Cash and Cash Equivalents | 99,731.94 | 1,38,863.02 |
| Investments | 77,717.54 | 1,02,697.82 |
| Other Financial Assets | 3,33,793.43 | 1,53,133.24 |
| Total | 5,58,260.08 | 4,32,114.13 |

Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-----------------------------------|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Payables | 4,297.80 | 7,309.90 |
| Lease Liabilities | 2,768.07 | 5,306.60 |
| Other Financial Liabilities | 1,44,473.10 | 1,12,137.13 |
| Total | 1,51,538.97 | 1,24,753.63 |

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-2024 | As at 31-Mar-2023 |
|------------------------|----------------------|----------------------|
| Government Securities | 47,426.91 | 77,915.90 |
| Total | 47,426.91 | 77,915.90 |

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

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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.

Liquidity Risk

Company's principal sources of liquidity are cash and cash equivalents, investments and the cash flow that Company generate from the operations. Company continue to be free from any medium and long term borrowings and maintain sufficient cash to meet its strategic and operational requirements.

Company understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enable us to be agile and ready for meeting unforeseen strategic and operational needs.

Consolidated cash and investments, on both standalone and consolidated basis, include deposits with large commercial banks in India. As a result, liquidity risk of cash and cash equivalents is limited. Liquid assets also include investments in Treasury bills issued by Government of India. Company invests after considering counterparty risks based on multiple criteria including capital adequacy ratio, net-worth, etc.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Since the Company has exposure to regulated entities, the credit risk is limited. It is mitigated by timely monitoring of receivables. The Company has robust accounts receivable collection mechanism which has ensured near zero level of credit risk since inception. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal. The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|------------------------------|----------------------|----------------------|
| Revenue from Top Customer | 14% | 15% |
| Revenue from Top 5 Customers | 45% | 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 customer 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 less-cash 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Foreign Currency Risk Exposures

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------------|----------------------|----------------------|
| Financial Assets | | |
| Trade Receivables | 3.18 | 122.88 |
| Other Financial Assets | 172.42 | 134.06 |

2.28 Revenue from Operations

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|------------------------------|---------------------------|---------------------------|
| Income from Payment services | 2,60,769.89 | 1,91,409.84 |
| Certification income | 1,412.25 | 1,463.50 |
| Network income | 2,622.89 | 2,224.17 |
| Other operating income* | 10,077.22 | 3,555.03 |
| Total | 2,74,882.25 | 1,98,652.54 |

*includes Compliance Fees, Membership Fees, Hologram Charges, Card Fees, Implementation Services, etc.

2.29 Other Income

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest Income on deposits | 21,421.24 | 9,695.09 |
| Interest Income on Govt Securities and Bonds | 3,612.81 | 3,017.31 |
| Income from Treasury Bills | 451.90 | 2,672.68 |
| Interest Income on earmarked fund | | |
| - SGM NFS | 541.50 | 605.35 |
| - SGM IMPS | 2,459.47 | 2,178.19 |
| - SGM AePS | 476.33 | 331.53 |
| - SGM NETC | 22.60 | 17.11 |
| - SGM UPI | 2,691.51 | 1,379.74 |
| - SGM RuPay | 367.51 | 271.10 |
| - SGM NACH | 433.38 | 222.00 |
| Interest on Income Tax Refund | - | 1,614.11 |
| Liabilities no longer required - written back | 4,628.77 | 1,143.04 |
| Liquidated damages | 8.98 | 2.66 |
| Gain & Loss on termination of Lease | 415.01 | - |
| Miscellaneous Income | 1,272.43 | 723.16 |
| Total | 38,803.44 | 23,873.07 |

2.30 Operating Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Annual Maintenance Charges - Network & IT Equipment | 7,854.47 | 6,489.72 |
| Network Expenses | 5,490.96 | 3,632.06 |
| Testing and Certification Charges | 665.78 | 707.10 |
| Data Centre Rentals | 568.05 | 518.72 |
| Data Centre Power and Fuel | 1,997.37 | 1,441.27 |
| Other Operating Expenses | 776.30 | 328.39 |
| Total | 17,352.93 | 13,117.26 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.31 Marketing Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---------------------------------|---------------------------|---------------------------|
| Marketing & Branding Expenses* | 40,453.06 | 31,235.89 |
| Product Incentives and CashBack | 36,771.56 | 12,753.79 |
| Total | 77,224.62 | 43,989.68 |

*Marketing Expenses includes Upfront Incentives paid to banks for RuPay cards and various cash back campaigns to promote digital transactions. Further, it also includes RuPay media, advertisement and publicity campaigns, B2B and sponsorships.

2.32 Employee Benefits Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------------------------|---------------------------|---------------------------|
| Salary and Allowances | 21,493.46 | 17,005.70 |
| Contribution to Employee Benefits | 1,216.61 | 923.91 |
| Gratuity and Leave Encashment | 525.33 | 323.51 |
| Outsourcing Cost | 2,875.14 | 1,449.81 |
| Staff Welfare | 1,427.28 | 1,090.82 |
| Total | 27,537.82 | 20,793.75 |

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 as well as details provided by LIC of India.

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

Gratuity Plan

(Amount ₹ in Lakh)

| Reconciliation of Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Opening Balance Sheet (Asset) / Liability | 276.65 | 287.06 |
| Total Expense / (Income) Recognised in Income & Expenditure | 253.22 | 227.26 |
| Actual Employer Contributions | (261.88) | (216.31) |
| Total Remeasurements Recognised in Other Comprehensive (Income) / Loss | 100.05 | (21.36) |
| Closing Balance Sheet (Asset) / Liability | 368.04 | 276.65 |

(Amount ₹ in Lakh)

| Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Defined Benefit Obligation (DBO) | 1,388.42 | 1,160.21 |
| Fair Value of Plan Assets | 1,020.38 | 883.55 |
| Funded Status - (Surplus) / Deficit | 368.04 | 276.65 |
| Liability / (Asset) recognised in the Balance Sheet | 368.04 | 276.65 |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Current Service Cost | 240.28 | 213.59 |
| Interest Cost | 76.11 | 64.58 |
| Expected Return on Plan Asset | (63.17) | (50.91) |
| Total Expense / (Income) charged to Income and Expenditure Account | 253.22 | 227.26 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.32 Employee Benefits Expenses (Contd..)

(Amount ₹ in Lakh)

| Amount recognised in other comprehensive income | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Amount recognised in OCI at the beginning of year | 229.71 | 251.07 |
| Re-measurements due to : | | |
| Effect of Change in Financial Assumption | 13.98 | (34.95) |
| Effect of Change in Demographic Assumption | - | - |
| Effect of Experience Adjustments | 62.09 | 17.29 |
| Actuarial (Gain) / Losses | 76.07 | (17.66) |
| Return on Plan Assets (excluding interest) | (23.99) | 3.70 |
| Total Re-measurements recognised in OCI | 100.06 | (21.36) |
| Amount recognised in OCI at the end of the year | 329.77 | 229.71 |

(Amount ₹ in Lakh)

| Actual Return on Plan Assets | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest Income Plan Asset | 63.18 | 50.91 |
| Actuarial Gains / (Losses) on Plan Assets | (23.99) | 3.70 |
| Actual Return on Plan Assets | 39.19 | 54.61 |

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Defined Benefit Obligation (DBO) at the beginning of the year | 1,160.20 | 1,064.39 |
| Current Service Cost | 240.28 | 213.59 |
| Interest Cost | 76.11 | 64.58 |
| Actuarial (Gain) / Loss on Obligation | 76.07 | (17.66) |
| Actual Benefits Paid | (164.24) | (164.70) |
| Present Value of Obligation at the end of the year | 1,388.42 | 1,160.20 |

(Amount ₹ in Lakh)

| Change in Fair Value of Plan Assets during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Fair Value of Plan Assets at the beginning of the year | 883.55 | 777.32 |
| Interest Income Plan Asset | 63.17 | 50.92 |
| Actual Enterprise's Contributions | 261.88 | 216.31 |
| Actual Benefits Paid | (164.24) | (164.70) |
| Actuarial Gain / (Loss) on Plan Assets | (23.99) | 3.70 |
| Fair value of Plan Assets at the end of the year | 1,020.37 | 883.55 |

(Amount ₹ in Lakh)

| Current / Non-Current Benefit Obligation | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Current Liability | - | - |
| Non-Current Liability | 368.04 | 276.66 |
| Liability / (Asset) Recognised in the Balance Sheet | 368.04 | 276.66 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.32 Employee Benefits Expenses (Contd..)

(Amount ₹ in Lakh)

| Other Items | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Expected Contributions for the next financial year | 188.83 | 191.51 |
| Decrement adjusted estimated tenure of Actuarial liability (years) | 6.46 | 6.47 |

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

(Amount ₹ in Lakh)

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 1,388.42 | 1,160.21 | 1,064.39 | 1,064.15 | 783.37 |
| Plan Assets | 1,020.38 | 883.55 | 777.32 | 734.89 | 604.67 |
| (Surplus) / Deficit | 368.04 | 276.66 | 287.07 | 329.26 | 178.70 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (23.99) | 3.70 | (3.08) | 3.47 | 0.32 |
| Assumptions (Gain) / Loss | 13.98 | (34.95) | (22.18) | 101.79 | 37.87 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | 62.09 | 17.29 | (54.23) | 49.92 | 31.79 |
| Total Actuarial (Gain) / Loss | 76.07 | (17.66) | (76.41) | 151.72 | 69.66 |

(Amount ₹ in Lakh)

| Category of Assets | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Other (including assets under Schemes of Ins.) | 100% | 100% |
| Total | 100% | 100% |

(Amount ₹ in Lakh)

| Recognition of Actuarial Gain / Loss | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Actuarial (Gain) / Loss arising on DBO | 76.07 | (17.66) |
| Actuarial (Gain) / Loss arising on Plan Assets | 23.99 | (3.70) |
| Total (Gain) / Loss recognised during the period | 100.06 | (21.36) |

Sensitivity Analysis

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-----------------------------------|----------------------|----------------------|
| Defined Benefit Obligation (Base) | 1,388.42 | 1,160.21 |

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | | 31-Mar-2023 | |
|--|-------------|----------|-------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (per annum) | 1,424.59 | 1,353.98 | 1,189.19 | 1,132.59 |
| Impact of increase / decrease in 50 bps on DBO | 2.60% | -2.48% | 2.50% | -2.38% |
| Salary Growth rate (per annum) | 1,366.43 | 1,411.48 | 1,142.87 | 1,177.64 |
| Impact of increase / decrease in 50 bps on DBO | -1.58% | 1.66% | -1.49% | 1.50% |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Expected Cash Flow

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|--------------|-------------|-------------|
| Year 1 | 188.83 | 191.50 |
| Year 2 | 199.90 | 156.27 |
| Year 3 | 183.10 | 161.52 |
| Year 4 | 193.19 | 147.31 |
| Year 5 | 171.79 | 151.01 |
| Year 6 to 10 | 609.92 | 496.79 |

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|------------------------------|-------------|-------------|
| Actuarial assumptions | | |
| Discount Rate | 6.95% | 7.15% |
| Salary Escalation Rate | 8.00% | 8.00% |
| Expected Return on Assets | 6.95% | 7.15% |
| Withdrawal Rate | 15.00% | 15.00% |
| Retirement Age | 60 years | 60 years |

Leave Encashment Plan

(Amount ₹ in Lakh)

| Reconciliation of Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Opening Balance Sheet (Asset) / Liability | 391.90 | 313.82 |
| Total Expense / (Income) Recognised in Income & Expenditure | 106.91 | 81.15 |
| Actual Employer Contributions | (54.64) | (3.07) |
| Closing Balance Sheet (Asset) / Liability | 444.17 | 391.90 |

(Amount ₹ in Lakh)

| Amounts in Balance Sheet | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Defined Benefit Obligation (DBO) | 763.93 | 704.14 |
| Fair value of Plan Assets | 319.76 | 312.24 |
| Funded Status - (Surplus) / Deficit | 444.17 | 391.90 |
| Net Liability / (Asset) recognised in the Balance Sheet | 444.17 | 391.90 |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Current Service Cost | 167.27 | 145.96 |
| Interest Cost | 48.06 | 42.03 |
| Expected Return on Plan Asset | (22.00) | (21.58) |
| Net Actuarial Losses / (Gains) | (86.44) | (85.27) |
| Total Expense / (Income) charged to Income and Expenditure Account | 106.89 | 81.14 |

(Amount ₹ in Lakh)

| Actual Return on Plan Assets | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Expected Return on Plan Assets | 22.00 | 21.58 |
| Actuarial Gains / (Losses) on Plan Assets | (5.31) | 0.82 |
| Actual Return on Plan Assets | 16.69 | 22.40 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Defined Benefit Obligation at the beginning of year | 704.14 | 682.97 |
| Current Service Cost | 167.27 | 145.96 |
| Interest Cost | 48.06 | 42.04 |
| Actuarial (Gain) / Loss on Obligation | (91.74) | (84.45) |
| Actual Benefits Paid | (63.81) | (82.38) |
| Defined Benefit Obligation at the end of the year | 763.92 | 704.14 |

(Amount ₹ in Lakh)

| Change in Fair value of Plan Assets during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Fair Value of Plan Assets at the beginning of the year | 312.24 | 369.15 |
| Expected Return on Plan Assets | 22.00 | 21.58 |
| Actual Enterprise's Contributions | 54.64 | 3.07 |
| Actual Benefits Paid | (63.81) | (82.38) |
| Actuarial Gain / (Loss) on Plan Assets | (5.31) | 0.82 |
| Fair Value of Plan Assets at the end of the year | 319.76 | 312.24 |

(Amount ₹ in Lakh)

| Current / Non-Current Benefit Obligation | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Current Liability | - | - |
| Non-Current Liability | 444.17 | 391.90 |
| Liability / (Asset) Recognised in the Balance Sheet | 444.17 | 391.90 |

(Amount ₹ in Lakh)

| Other Items | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Expected Contributions for the next financial year | 130.20 | 123.35 |
| Decrement adjusted estimated tenure of Actuarial Liability (years) | 6.46 | 6.47 |

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

(Amount ₹ in Lakh)

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 763.93 | 704.14 | 682.97 | 780.23 | 652.17 |
| Plan Assets | 319.76 | 312.24 | 369.15 | 480.14 | 202.77 |
| (Surplus)/Deficit | 444.16 | 391.90 | 313.82 | 300.09 | 449.40 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (5.31) | 0.82 | 5.47 | 65.70 | 13.37 |
| Assumptions (Gain) / Loss | 7.15 | (20.90) | (15.09) | 89.72 | 30.88 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (98.89) | (63.54) | (161.74) | (15.94) | 60.09 |
| Total Actuarial (Gain) / Loss | (91.74) | (84.45) | (176.83) | 73.78 | 90.97 |

(Amount ₹ in Lakh)

| Category of Assets | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Other (including assets under Schemes of Ins.) | 100% | 100% |
| Total | 100% | 100% |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Recognition of Actuarial Gain / Loss | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Actuarial (Gain) / Loss arising on DBO | (91.74) | (84.45) |
| Actuarial (Gain) / Loss arising on Plan Assets | (5.31) | 0.82 |
| Total (Gain) / Loss recognised during the period | (97.05) | (83.63) |

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-----------------------------------|----------------------|----------------------|
| Defined Benefit Obligation (Base) | 763.93 | 704.14 |

Sensitivity Analysis

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | | 31-Mar-2023 | |
|--|-------------|----------|-------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (per annum) | 782.41 | 746.30 | 721.47 | 687.63 |
| Impact of increase / decrease in 50 bps on DBO | 2.42% | -2.31% | 2.46% | -2.35% |
| Salary Growth rate (per annum) | 746.39 | 782.14 | 687.68 | 721.25 |
| Impact of increase / decrease in 50 bps on DBO | -2.30% | 2.38% | -2.34% | 2.43% |

Expected Cash Flow

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|--------------|-------------|-------------|
| Year 1 | 130.20 | 123.35 |
| Year 2 | 122.96 | 109.17 |
| Year 3 | 105.45 | 103.90 |
| Year 4 | 102.26 | 89.98 |
| Year 5 | 81.74 | 88.15 |
| Year 6 to 10 | 300.41 | 286.57 |

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|-----------------------------------|-------------|-------------|
| Actuarial Assumptions | | |
| Discount Rate | 6.95% | 7.15% |
| Salary Escalation Rate | 8.00% | 8.00% |
| Expected Rate of Return on Assets | 6.95% | 7.15% |
| Withdrawal Rate | 15.00% | 15.00% |
| Retirement Age | 60 years | 60 years |

2.33 Depreciation and Amortisation Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Depreciation on Property, Plant and Equipment | 16,418.14 | 9,900.64 |
| Amortisation of Intangible assets | 4,280.14 | 4,858.15 |
| Amortisation of Right of Use assets | 1,364.51 | 1,517.58 |
| Total | 22,062.79 | 16,276.37 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.34 CSR Expenditure

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------|---------------------------|---------------------------|
| CSR expenditure | 1,954.25 | 1,320.49 |
| Total | 1,954.25 | 1,320.49 |

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

(Amount ₹ in Lakh)

| Particulars | Amount paid | Amount yet to be paid | Total |
|--|-------------|-----------------------|----------|
| i) Construction / Acquisition of any asset | - | - | - |
| ii) On Purpose Other than (i) above | 1,954.25 | (4.02) | 1,950.23 |

(Amount ₹ in Lakh)

| Amount Spent during the year : | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|--|--|
| i) Amount required to be spent by the company during the year | 1,950.23 | 1,493.00 |
| ii) Amount of expenditure incurred | 1,954.25 | 1,320.49 |
| iii) Shortfall / (Excess) at the end of the year | (4.02) | 172.51 |
| iv) Total of previous years shortfall / (excess) | - | - |
| v) Reason for shortfall / (excess) | * | ** |
| 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 Transactions | NA | NA |
| viii) Details related to movement of Provision | - | - |

*We gave donation to Sri Shanmukhananda Fine Arts & Sangeetha Sabha after finalization of Annual Action Plan for FY 2023-24, therefore, there is minor excess in overall expenditure. However, the approval for donation was taken from CSR committee.

**Delay in implementation of work plan as submitted by NGO partners is one of the main reason for shortfall. Delay happens due to various external and internal factors and being long term project sometimes, it's favourable to delay the planned activity and build the required environment in community first for sustainability of the project. The unspent amount has been transferred to Unspent CSR account as per the MCA FAQ guidelines.

2.35 Administrative and Other Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--------------------------------------|---------------------------|---------------------------|
| Rent, Rates and Taxes | 487.65 | 328.04 |
| Travelling and Conveyance Expenses | 854.25 | 778.15 |
| Computer Consumables | 102.05 | 159.57 |
| Power and Fuel | 114.00 | 274.38 |
| Telephone and Communication Expenses | 141.74 | 114.90 |
| General Office Expenses | 974.54 | 799.75 |
| Sitting Fees to Directors | 77.00 | 56.50 |
| Insurance | 455.98 | 510.99 |
| Repair and Maintenance Charges | 127.31 | 151.22 |
| Internal Audit Fees | 89.82 | 68.50 |
| Postage, Printing and Stationery | 182.70 | 72.77 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.35 Administrative and Other Expenses (Contd..)

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Professional Fees | 7,987.33 | 5,944.30 |
| Legal Fees | 72.20 | 65.18 |
| Contribution to Payment Infrastructure Development Fund-RBI | 2,279.27 | 2,284.97 |
| Paper to Follow - CTS Charges | 194.02 | 408.29 |
| Training and Seminar | 1,131.73 | 1,645.35 |
| Membership and Subscription Fees | 712.66 | 96.65 |
| Line of Credit and Other SGM Expenses | 2,226.78 | 2,029.49 |
| Recruitment Expenses | 353.88 | 382.52 |
| Foreign Exchange (gain) / loss | 7.66 | 14.86 |
| (Gain) / Loss on sale or disposal of assets | 5.63 | 0.08 |
| Payment to the Statutory Auditors* | 14.04 | 11.96 |
| Tax Audit fees | 3.00 | 1.50 |
| Interest Charge (Ind AS Lease) | 362.95 | 427.15 |
| Allowance for Credit Losses | 20.09 | 32.14 |
| Interest on MSME | 4.98 | 29.61 |
| Miscellaneous Expenses | 138.41 | 201.74 |
| Total | 19,121.67 | 16,890.56 |

* Payment to the Statutory Auditors

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-------------------------------|---------------------------|---------------------------|
| Statutory Audit Fees | 8.00 | 8.00 |
| Audit Fees for Limited Review | 4.25 | 3.60 |
| Other Certification Charges | 1.15 | 0.20 |
| Out of Pocket Expenses (OPE) | 0.64 | 0.16 |
| Total | 14.04 | 11.96 |

2.36 Earnings per Share (EPS)

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Net Surplus as per statement of Income and Expenditure | 1,09,450.61 | 80,939.05 |
| Weighted Average Number of Equity Shares | 1,40,36,692 | 1,40,36,692 |
| EPS : | | |
| (i) Basic EPS (Face value ₹ 100 per Equity Share) | 779.75 | 576.62 |
| (ii) Diluted EPS (Face value ₹ 100 per Equity Share) | 779.75 | 576.62 |

2.37 Lease disclosure

The Company has recognised Interest on Lease Liability and Amortisation of Right of Use Asset as per Ind AS 116 'Leases' in the statement of Income and Expenditure as under:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest on Lease Liability | 362.95 | 427.15 |
| Amortisation of Lease Liability | 1,364.51 | 1,517.58 |
| The total outstanding cash outflow for lease as per the agreement | 3,004.76 | 6,237.31 |

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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

- i) The net carrying amount of Right of Use Asset:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Balance at the beginning of the year | 4,536.13 | 4,513.58 |
| Add: Addition during the year | 539.10 | 1,540.13 |
| Less: Deletion / Amortisation during the year | (2,773.68) | (1,517.58) |
| Balance at the end of the year | 2,301.55 | 4,536.13 |

- ii) Reconciliation between the total minimum lease payment and their present value is as below:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Lease Liability as at balance sheet date | 2,768.07 | 5,306.60 |
| Add: Interest | 236.69 | 930.71 |
| Minimum lease payment | 3,004.76 | 6,237.31 |

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

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Not Later than 1 year | 1,456.02 | 1,562.11 |
| Later than 1 year but not more than 5 year | 1,548.75 | 4,098.74 |
| More than 5 year | - | 576.46 |
| Total | 3,004.77 | 6,237.31 |

2.38 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 Accountants of India.

2.39 Related Party Disclosures

Name of Key Managerial Personnel (KMP) / Related parties:

| Name of Related Parties | Nature of Relationship |
|-------------------------------------|-------------------------|
| NPCI International Payments Limited | Wholly owned subsidiary |
| NPCI Bharat BillPay Limited | Wholly owned subsidiary |

| Key Managerial Personnel- Directors | Title | Date of appointment | Date of Retirement/ Cessation |
|-------------------------------------|---|---------------------|-------------------------------|
| Mr. Biswamohan Mahapatra | Chairman (Non-Executive & Independent Director) | 08-Feb-2018 | 07-Feb-2024 |
| Mr. Ajay Kumar Choudhary | Chairman (Non-Executive & Independent Director) | 08-Feb-2024 | - |
| Mr. Shailendra Trivedi | RBI Nominee | 29-Sep-2022 | - |
| Mr. Dilip Asbe | Managing Director & CEO | 08-Jan-2018 | - |
| Dr. Amitha Sehgal | Independent Director | 26-Dec-2018 | 25-Dec-2023 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.39 Related Party Disclosures (Contd..)

| Key Managerial Personnel- Directors | Title | Date of appointment | Date of Retirement/ Cessation |
|-------------------------------------|--|---------------------|-------------------------------|
| Mr. Venkatraman Srinivasan | Independent Director | 15-Jul-2020 | 08-Mar-2024 |
| Prof. Rishikesh T. Krishnan | Independent Director | 09-Nov-2021 | - |
| Dr. D. Manjunath | Independent Director | 19-Apr-2023 | - |
| Ms. Padmini Khare Kaicker | Independent Director | 10-Jan-2024 | - |
| Mr. Rana Ashutosh Kumar Singh | Nominee Director from State Bank of India | 12-Aug-2021 | - |
| Mr. Nitesh Ranjan | Nominee Director from Union Bank of India | 20-Nov-2020 | - |
| Mr. Ajay K Khurana | Nominee Director from Bank of Baroda | 01-Mar-2021 | - |
| Mr. Hemant Verma | Nominee Director from Punjab National bank | 17-Jan-2022 | - |
| Mr. Parag Rao | Nominee Director from HDFC Bank | 11-May-2023 | - |
| Mr. Bijith Bhaskar | Nominee Director from ICICI Bank | 02-Sep-2022 | - |
| Mr. Siddharth Rungta | Nominee Director from HSBC | 12-Oct-2022 | - |
| Mr. Sumit Bali | Nominee Director from Axis Bank | 15-Dec-2021 | - |
| Mr. Imran Amin Siddiqui | Nominee Director from Indian Bank | 27-Apr-2021 | 09-Mar-2024 |
| Ms. Arti Ajit Patil | Nominee Director from Saraswat Co-operative Bank Limited | 10-Nov-2022 | 08-Sep-2023 |

| Key Managerial Personnel of the Company | Designation | Date of appointment | Date of Retirement/ Cessation |
|---|-------------------------|---------------------|-------------------------------|
| Mr. Dilip Asbe | Managing Director & CEO | 08-Jan-2018 | - |
| Mr. Rupesh H. Acharya | Chief Financial Officer | 19-Mar-2020 | - |
| Ms. Priyanka Agrawal | Company Secretary | 14-May-2018 | - |

| Name of Related Parties | Nature of Relationship |
|---|-----------------------------|
| Bank of Baroda | Entity with common director |
| India Infoline Finance Limited | Entity with common director |
| Union Bank of India | Entity with common director |
| Indian Financial Technology and Allied Services | Entity with common director |
| CSB Bank Ltd. (Related party from 20-Jun-2023 to 07-Aug-2023) | Entity with common director |
| Indian Highways Management Company Limited (Related party from 27-Sep-2023) | Entity with common director |
| Indian Bank (Ceased to be related party from 09-Mar-2024) | Entity with common director |
| The Saraswat Co-operative Bank Ltd. (Ceased to be related party from 08-Sep-2023) | Entity with common director |

Transactions with Related Parties

The details of Related Party Transactions entered into by the Company are as below:

(Amount ₹ in Lakh)

| Name of Related Parties | Nature of Transactions | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-------------------------|---------------------------|------------------------|------------------------|
| Bank of Baroda | Rendering of services | 14,357.01 | 10,144.98 |
| | Receiving of services | 165.05 | 178.43 |
| | Purchase of investments | 9,500.00 | 57,446.00 |
| | Redemption of investments | 37,172.00 | 31,911.00 |
| | Interest earned | 3,331.86 | 2,023.31 |
| | SGM contribution received | 1,337.90 | 1,055.29 |
| | SGM contribution refunded | 533.10 | 461.21 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.39 Related Party Disclosures (Contd..)

(Amount ₹ in Lakh)

| Name of Related Parties | Nature of Transactions | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|--|---------------------------|---------------------------|
| Canara Bank | Rendering of services | - | 1,404.81 |
| | SGM contribution received | - | 261.74 |
| | SGM contribution refunded | - | 428.43 |
| | Purchase of investments | - | 58,912.00 |
| | Redemption of investments | - | 56,831.00 |
| | Interest earned | - | 822.83 |
| Central Depository Service (India) Limited | Receiving of services | - | 0.75 |
| India Infoline Finance Limited | Rendering of services | - | 1.50 |
| Indian Bank | Rendering of services | 5,731.73 | 6,016.50 |
| | Receiving of services | 569.70 | 756.04 |
| | SGM contribution received | 335.25 | 586.63 |
| | SGM contribution refunded | 252.00 | 33.61 |
| | Purchase of investments | 29,410.00 | 21,362.00 |
| | Redemption of investments | 26,815.00 | 34,986.00 |
| | Interest earned | 1,169.38 | 1,134.02 |
| | Receiving of services | 12.00 | 6.00 |
| Indian Financial Technology and Allied Services | Rendering of services | - | 71.35 |
| | SGM contribution received | - | 11.99 |
| | SGM contribution refunded | - | 1.71 |
| | | | |
| NPCI Bharat BillPay Limited | Income | | |
| | Business Development and Marketing | 188.29 | 124.25 |
| | Support Services | | |
| | Reimbursement of Employee Benefit | 13.39 | 8.79 |
| | Expenses | | |
| | Shared Services cost | 307.60 | 203.44 |
| | Processing Fees for LOC SGM BBPS | - | 6.31 |
| | Technology Infrastructure, Operational | 147.00 | - |
| | Support (IT Support & Other Services) | | |
| | Outsource Cost | 10.75 | - |
| | Professional Fees | 2.70 | - |
| | License cost (for the year) | 11.74 | - |
| | License cost (Prepaid) | 23.49 | - |
| | Expense | | |
| | Reimbursement of Employee Benefit | 8.29 | 15.10 |
| | Expenses | | |
| | Liability | | |
| | Microsoft D365 ERP implementation | 49.61 | - |
| NPCI International Payments Limited | Income | | |
| | Reimbursement of Staff Welfare | 5.45 | 6.40 |
| | expenses | | |
| | Shared Services cost | 165.43 | 100.97 |
| | Royalty | 47.44 | 20.60 |
| | Sub License | 52.04 | - |
| | Implementation Services | 561.27 | - |
| | International Travel Expense Recovery | 23.77 | - |
| | Upfront maintenance incentive | 665.24 | - |
| | (Reimbursement) | | |
| | FIR Income | 2.02 | - |
| | ERP - MS Dynamics 365 related | 27.77 | - |
| | expenses | | |
| | Other Support Service | 4.56 | - |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.39 Related Party Disclosures (Contd..)

(Amount ₹ in Lakh)

| Name of Related Parties | Nature of Transactions | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|-----------------------------------|---------------------------|---------------------------|
| The Saraswat Co-operative Bank Ltd. | Expense | | |
| | Service Fees | 2,385.29 | 1,814.51 |
| | Others | 28.00 | - |
| | Liability | | |
| | Microsoft D365 ERP implementation | 49.61 | - |
| | Rendering of services | 156.59 | 290.24 |
| | SGM contribution received | 8.58 | - |
| | SGM contribution refunded | 6.00 | - |
| | Receiving of services | 590.07 | 840.21 |
| | Rendering of services | 13,175.92 | 9,696.23 |
| Union Bank of India | SGM contribution received | 1,379.21 | 540.92 |
| | SGM contribution refunded | 135.52 | 579.29 |
| | Purchase of investments | 94,001.00 | 1,04,424.01 |
| | Redemption of investments | 50,959.00 | 57,308.00 |
| | Interest earned | 7,725.07 | 1,888.33 |
| | Rendering of services | 18.25 | - |
| | Rendering of services | 1.50 | - |
| | Rendering of services | 5,069.06 | - |
| | Rendering of services | | |
| | Rendering of services | | |
| CSB Bank Ltd. | Rendering of services | 18.25 | - |
| India Infoline Finance Limited | Rendering of services | 1.50 | - |
| Indian Highways Management Company Limited | Rendering of services | 5,069.06 | - |

Details of Amounts Due to or Due from Related Parties as at 31st March, 2024

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------------------------|--------------------|----------------------|----------------------|
| Bank of Baroda | SGM Contribution | 3,858.50 | 3,053.71 |
| | Trade Payables | | 13.02 |
| Indian Bank | SGM Contribution | - | 1,928.01 |
| | Trade Payables | - | 70.74 |
| NPCI Bharat BillPay Limited | Trade Payables | - | 16.31 |
| NPCI International Payments Limited | Trade Payables | 751.48 | 509.00 |
| The Saraswat Co-operative Bank Ltd. | SGM Contribution | - | 125.69 |
| Union Bank of India | SGM Contribution | 3,599.07 | 2,355.58 |
| Total | | 8,209.05 | 8,072.05 |

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|--------------------|----------------------|----------------------|
| Bank of Baroda | Investment | 26,550.00 | 54,222.00 |
| | Accrued interest | - | 570.19 |
| | Trade receivable | 391.03 | 715.87 |
| Indian Highways Management Company Limited | Trade receivable | 31.35 | - |
| | Investment | - | 15,300.00 |
| Indian Bank | Accrued interest | - | 111.97 |
| | Trade receivable | - | 1,109.15 |
| NPCI Bharat BillPay Limited | Trade receivable | 131.55 | 0.28 |
| NPCI International Payments Limited | Trade receivable | 199.56 | 38.37 |
| The Saraswat Co-operative Bank Ltd. | Trade receivable | - | 52.82 |
| Union Bank of India | Investment | 1,12,676.01 | 69,634.01 |
| | Accrued interest | - | 721.58 |
| | Advance paid | 106.68 | |
| | Trade receivable | 88.62 | 642.74 |
| Total | | 1,40,174.80 | 1,43,118.98 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------|---------------------------|---------------------------|
| Sitting Fees | 77.00 | 56.50 |
| Honorarium Fees | 0.70 | 4.20 |
| Total | 77.70 | 60.70 |

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|------------------------------|---------------------------|---------------------------|
| Short Term Employee Benefits | 437.56 | 394.48 |
| Post-Employment Benefits* | - | - |
| Other Long Term Benefits | - | - |
| Total | 437.56 | 394.48 |

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

2.40 Contingent Liabilities and Capital Commitments

(Amount ₹ in Lakh)

| Contingent Liabilities and Capital Commitments (to the extent not provided for) | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| (i) Capital Commitments | | |
| (a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 23,532.53 | 10,859.53 |
| Sub Total | 23,532.53 | 10,859.53 |
| (ii) Contingent Liabilities on Account of Income Tax Demand | | |
| Income Tax Demand for AY 2011-2012 | 205.51 | 183.27 |
| Income Tax Demand for AY 2013-2014 | 399.46 | 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 2017-2018 | 119.97 | 114.45 |
| Income Tax Demand for AY 2018-2019 | 1,797.61 | 1,523.12 |
| Income Tax Demand for AY 2019-2020 | 4,362.29 | 3,622.93 |
| Sub Total | 8,656.83 | 7,793.97 |
| (iii) Contingent Liabilities – Other Matters | | |
| | 2,598.52 | 2,598.52 |
| Sub Total | 2,598.52 | 2,598.52 |
| Total | 34,787.88 | 21,252.02 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

(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 demands arising due to Assessment orders passed u/s 143 (3) of Income Tax Act, 1961 where 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 without prejudice applied section 13(1)(c)(ii) of the Income Tax Act, 1961 on the grounds that the Income has directly or indirectly been applied for the benefit of the related parties in terms of section 13 (3) of the Income Tax Act, 1961. However, the Hon'ble Income Tax Appellate Tribunal, Mumbai in AY 2010-11 and 2012-13 has passed orders in favour of the company, allowing the claim of exemption u/s. 11 and 12 of the Income Tax Act, 1961 and stating that the provisions of section 13(1)(c)(ii) of the Income Tax Act, 1961 are not applicable. For AY 2011-12, AY 2013-14 and AY 2014-15, the Company has filed appeals against the order to Commissioner of Income Tax (Appeals), Mumbai (CIT(A)) which is pending. For AYs 2015-16 to 2019-20, the Company had filed appeals against the assessment orders to CIT(A). The CIT (A) decided appeals against the Assessee without giving reasonable opportunity. Against the CIT (A) orders, the company filed appeals before ITAT, who has restored back the same to CIT (A) for fresh adjudication and submissions vide order dated 8th February 2023. In view of this, Management is of the opinion that the outcome of these appeals will be in favour of the company and accordingly has not provided for additional demand raised by Income tax authorities during assessment / penalty proceedings although it is providing for Income tax and paid the taxes on a conservative basis. The tentative Interest amount computed on the Income Tax Orders passed till 31st March 2024 is shown as Contingent liability. The Contingent liability is difference between the tax liability determined by the revenue authority against provision in the books of accounts.

(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 customer 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.

(iii) (a) 2. Contingent liabilities – other matters

M/s Unwani Subhkaran 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/- as per the transaction details sent by Punjab National Bank to IMPS for routing to the beneficiary bank. The estimated 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 79 litigation cases involving the company out of which 66 cases are consumer litigations filed by complainants in relation to transactions involving NPCI products like BHIM, UPI, NETC, etc. and the remaining 13 cases are other civil matters where NPCI has been impleaded as a party. In our view, in all these litigation 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.41 Value of Import of Services

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Software License / Consultancy Charges | 147.91 | 24.37 |
| CWIP - Building And Premises | 26.86 | 371.91 |
| Total | 174.77 | 396.28 |

Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Annual Maintenance Charges - Network & IT Equipment* | 41.24 | 92.55 |
| Professional Fees | 70.79 | 59.17 |
| Membership and Subscription Fees* | 238.40 | 2.56 |
| Training and Seminar* | 475.49 | 211.71 |
| Marketing Expenses | 37.26 | 42.02 |
| Recruitment Expenses* | 39.07 | 7.61 |
| Miscellaneous Expenses | - | 8.78 |
| Total | 902.24 | 424.40 |

*Includes amounts in Prepaid Expenses

Income in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|------------------------|---------------------------|---------------------------|
| Other Operating Income | 195.53 | 467.97 |
| Total | 195.53 | 467.97 |

Accounting for Foreign Currency Transactions:

Expenditure in foreign currencies are recorded in INR 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.

2.42 Details of Due 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-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| a. (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year | 1.91 | 466.86 |
| (ii) Interest due on above | - | - |
| b. Amount of Interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year. | - | - |
| c. 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. | 4.98 | 29.61 |
| d. Amount of interest accrued and remaining unpaid at the end of the financial year. | 37.69 | 32.71 |
| 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. | 32.71 | 3.10 |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.43 Provision for Tax

The Company was incorporated as a 'Not for Profit Company' under the provisions of Section 8 of The Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956) and was granted registration under 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 ₹38,000.00 lakh has been provided for the year ended 31st March 2024, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax expense of ₹981.00 lakh as per the applicable Accounting Standards.

2.44 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 and 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.

Notes to Standalone Financial Statements

for the year ended 31st March 2024

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

2.45 Relationship with Struck Off Companies

(Amount ₹ in Lakh)

| Name of Struck Off Company | Nature of transactions with Struck Off Company | Balance outstanding as on 31-Mar-2024 | Relationship with the Struck Off Company, if any |
|----------------------------------|--|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities | - | Customer |
| | Receivables | - | |
| | 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, value of transactions during the year was ₹ 2.28 lakh.

(Amount ₹ in Lakh)

| Name of Struck Off Company | Nature of transactions with Struck Off Company | Balance outstanding as on 31-Mar-2023 | Relationship with the Struck off company, if any |
|----------------------------------|--|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities | - | Customer |
| | Receivables | - | |
| | 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, value of transactions during the year was ₹ 2.30 lakh.

2.46 Key Financial Ratios

| Ratios | Formula | 31-Mar-2024 | 31-Mar-2023 | % Variance |
|----------------------------------|---|-------------|-------------|------------|
| Current Ratio | $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 4.08 | 4.05 | 0.74% |
| Debt-Equity Ratio | Not applicable as there is no Debt in the company | N.A. | N.A. | N.A. |
| Debt Service Coverage Ratio | Not applicable as there is no Debt in the company | N.A. | N.A. | N.A. |
| Return on Equity Ratio | $\frac{\text{Net profit after taxes}}{\text{Average Shareholder's Equity}}$ | 25.82% | 24.41% | 5.77% |
| Inventory Turnover Ratio | Not applicable considering the nature of business of the company | N.A. | N.A. | N.A. |
| Trade Receivables Turnover Ratio | $\frac{\text{Revenue from operations}}{\text{Average trade receivables}}$ | 20.64 | 18.12 | 13.90% |
| Trade Payables Turnover Ratio | $\frac{\text{Operating expenses}}{\text{Average Trade Payables}}$ | 19.59 | 8.68 | 125.75% |
| Net Capital Turnover Ratio | $\frac{\text{Revenue from operations}}{\text{Working Capital}}$ | 0.94 | 0.90 | 4.07% |

Notes to Standalone Financial Statements

for the year ended 31st March 2024

2.46 Key Financial Ratios (Contd..)

| Ratios | Formula | 31-Mar-2024 | 31-Mar-2023 | % Variance |
|----------------------------|---|-------------|-------------|------------|
| Net Profit Ratio | $\frac{\text{Net Profit}}{\text{Revenue from operations}}$ | 39.82% | 40.74% | -2.27% |
| Return on Capital Employed | $\frac{\text{Earnings before Interest and Tax}}{\text{Capital Employed}}$ | 31.20% | 29.80% | 4.69% |
| Return on Investment | $\frac{\text{Net return on Investment}}{\text{Value of Investment}}$ | 7.08% | 5.39% | 31.25% |

Trade payables turnover ratio:

The Trade payables turnover ratio has increased due to increase in operating expenses by 0.54 times as well as decrease in average trade payables by 0.32 times.

Return on investment:

The Return on Investment has increased due to increase in Net Return on Investment by 0.59 times as well as increase in Value of Investment by 0.23 times.

2.47 Other Notes

- Trade receivables, Trade payables, Loans and Advances are stated at the value, if realised in ordinary course of business.
- There are no material prior period errors which can impact the financial position of the company as per Ind AS 8.
- During the financial year 2023-24, All the Ind As ammendment rules / notifications issued by MCA are applied by the company.
- Previous year's figures have been regrouped, reclassified and rearranged to correspond with the current year figures / presentation wherever necessary.
- Numbers are rounded off to the nearest lakh.

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai

Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Independent Auditor's Report

To

The Members of National Payments Corporation of India

Report on the Audit of the Consolidated Financial Statements

Opinion

- We have audited the accompanying Consolidated Financial Statements of **National Payments Corporation of India** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") which comprise the Consolidated Balance Sheet as at 31st March 2024, the Consolidated Statement of Income & Expenditure (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid 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 Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2024, of consolidated surplus, consolidated 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 consolidated financial statements in accordance with the Standards on Auditing (SAs), 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 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 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 ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the 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, 2024. These matters were addressed in the context of our audit of the Ind AS Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

| Key Audit Matters | Audit Procedures followed to address the key Matters |
|---|--|
| Litigations and Contingencies Reasons why the matter was determined to be a key audit matter The company is subject to income tax related claims which have been disclosed / provided for in the financial statements | Our audit procedures include the following substantive procedures: <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. |

Key Audit Matters

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 2.19, 2.27 and 2.40 to the Ind AS Consolidated financial statements.

Audit Procedures followed to address the key 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 Consolidated Financial Statements and Auditor's Report Thereon

4. The Holding Company's management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Annual report but does not include the Standalone Financial Statements and Consolidated Financial Statements and our auditor's report thereon. The information is expected to be made available to us after the date of this audit report.

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and review the steps taken by the management to communicate with those in receipt of the other information, if previously issued, to inform them the revision.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

5. 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 and presentation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial

performance including other comprehensive income, consolidated 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.

The respective Board of Directors of the Companies included in the Group are responsible for 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group is responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

6. Our objectives are to obtain reasonable assurance about whether the 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 consolidated financial statements.
7. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direct, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direct, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the financial year ended March 31, 2024 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

8. We did not audit the financial statements and other financial information in respect of two subsidiaries whose financial statements reflect total assets of ₹ 46,471.43 lakhs as at March 31, 2024, total revenues of ₹ 15,137.89 lakhs, total profit after tax ₹ 3,980.93 lakhs and net increase in cash flows amounting to ₹ (1,432.79) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by the other auditors, whose reports has been furnished to us by the Management and our opinion on the 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 sub section (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, 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 and financial statements / financial information certified by management.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit we report that:
 - a. We / the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of aforesaid consolidated financial statements have been kept 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 Other Comprehensive Income, the Consolidated Statement of Changes in Equity the and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards (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 2024 taken on record by the Board of Directors of Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2024 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 consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's report of the holding company and its subsidiary companies incorporated in India. Our report expressed an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with regard to consolidated financial statements of those companies.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group has disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements (refer Note 2.40 to the consolidated 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.

- iv. (a) The respective Managements of the holding company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and their respective auditors that, to the best of their knowledge and belief, no funds (which are material either individually or in aggregate) 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 any of such subsidiaries to or in any other person (s) or entity (ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of its subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the holding company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and their respective auditors that, to the best of their knowledge and belief, no funds (which are material either individually or in aggregate) have been received by the Holding Company or any of such subsidiaries from any person (s) or entity (ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall 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.
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub clause (a) and (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.
- vi. On the basis of information and explanations given to us and based on our examination which included test checks, the group has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.
10. 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 Holding 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). However, with respect to the same, based on the CARO reports issued by auditors of subsidiary companies, included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks.

11. As per the requirements of section 143 (5), in our opinion and to are 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 (NPCL) 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. <p>During the year, the Company has migrated the data from 'on premises' to cloud storage.</p> <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 till 31.12.2023 and Microsoft Dynamics 365 w.e.f. 01.01.2024). The GST returns have been filed using GST software tools and details related to GST are maintained within that software.</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 till 31.12.2023 and Microsoft Dynamics 365 w.e.f. 01.01.2024). The GST returns have been filed using GST software tools 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 System Act, 2007 for the said function of BBPS.</p> |

| S. No. | DIRECTIONS | ANSWER |
|--------|--|---|
| 2. | Whether there is any restructuring of an existing loan or cases of waiver / Write off of debts/loans/ Interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of the lender company) | Not Applicable Group has not availed any loan. |
| 3. | Whether funds (grants / subsidy etc.) received/ receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | Not Applicable There are no case of funds received /receivable for specific schemes from Central / state government or its agencies. |

Additional directions issued by C&AG as applicable to Holding Company - National Payments Corporation of India (NPCI) and its subsidiaries - NPCI International Payments Ltd (NIPL) and NPCI Bharat Bill Pay Limited (NBBL) for the year 2023-24.

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|--------|---|---|
| 1. | NBFC dealing with digital payment products and services Whether the security controls for digital payment products and services are in compliance with the directions of RBI for Digital Payment Security Controls dated 18 th February 2021? | <p>In respect of Holding Company (NPCI) our comments are as follows:</p> <p>The Company has identified the various controls to be followed as per the RBI Master Direction for Digital Payment Security Controls dated 18th February 2021 and accordingly appointed a Cert-In empanelled Third Party Expert (M/s. TÜV SÜD South Asia) to conduct the audit and certify whether the security controls for digital payments and services are in compliance with the aforementioned directions.</p> <p>We have relied on the report dated 28.07.2023 of the said third party expert as engaged by the company for the Audit of Digital Payment Security Controls and the report issued thereunder stated that the Company is compliant with RBI circular no. RBI/2020-21/74 DoS.CO. CSITE. SEC. No. 1852 / 30015 / 2020-21 issued by the Reserve Bank of India dated February 18, 2021</p> <p>Based on the above report, we confirm that the company is compliant with RBI circular no. RBI/2020-21/74 DoS.CO. CSITE. SEC.No. 1852 / 30015 / 2020-21 issued by the Reserve Bank of India dated February 18, 2021 with regards to security control.</p> <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 empanelled Third-Party auditor (TUV SUD South Asia) 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> |

| S. No. | ADDITIONAL DIRECTIONS | ANSWER |
|--------|-----------------------|---|
| | | <p>The system audit was concluded in July 2023 and no open issues were reported.</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 empanelled Third-Party auditor (TUV SUD South Asia) 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 July 2023 and no open issues were reported.</p> |

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No.: 101647W

Ambesh Dave
Partner
Membership No: 049289
UDIN:24049289BKDHQS3031

Place: Mumbai
Date: May 22, 2024

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 9 (f) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors Report of even date to the members of National Payments Corporation of India on the Consolidated Financial Statements for the year ended March 31, 2024)

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

1. In conjunction with our audit of the Consolidated Financial Statements of National Payments Corporation of India (the Holding Company) as of and for the year ended March 31, 2024, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies which are companies incorporated in India (together referred to as 'the Group'), as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by the other auditors in terms of their reports referred to in 'Other Matters' paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements of the Holding Company and its subsidiary companies, which are the companies incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

4. A company's internal financial control with reference to 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 consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of

management and directors of the company; and (3) 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 Consolidated Financial Statements

5. Because of the inherent limitations of internal financial controls with reference to 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to 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

6. In our opinion, to the best of our information and according to the explanations given to us, and based on the consideration of reporting of other auditors as mentioned in the Other Matter paragraph, the Holding Company and its subsidiaries, which are companies incorporated in India have, in all material respects, an adequate internal financial controls with reference to

consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31st March 2024, based on the criteria for internal financial control with reference to consolidated financial statements established by respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under clause (i) of sub section 3 of Section 143 of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements, in so far as it relates to the subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

**For and on behalf of
Chandabhoy & Jassoobhoy**

Chartered Accountants
Firm Registration No.: 101647W

Ambesh Dave

Partner

Place: Mumbai
Date: May 22, 2024

Membership No. 049289
UDIN: 24049289BKDHQS3031

Consolidated Balance Sheet

as at 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Note No. | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------|----------------------|----------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a. Property, Plant and Equipment | 2.01 | 90,409.13 | 75,538.85 |
| b. Capital Work-In-Progress | 2.02 | 7,166.01 | 12,885.44 |
| c. Right of Use Assets | 2.03 | 2,301.55 | 4,536.13 |
| d. Intangible Assets | 2.04 | 13,398.20 | 7,092.67 |
| e. Intangible Assets Under Development | 2.05 | 11,118.49 | 8,137.87 |
| f. Financial Assets | | | |
| i. Investments | 2.06 | 44,552.69 | 47,935.76 |
| ii. Other Financial Assets | 2.07 | 1,23,867.91 | 95,445.08 |
| g. Other Non-Current Assets | 2.08 | 4,565.16 | 397.17 |
| Total Non-Current Assets | | 2,97,379.14 | 2,51,968.97 |
| Current Assets | | | |
| a. Financial Assets | | | |
| i. Investments | 2.09 | 5,296.93 | 37,454.71 |
| ii. Trade Receivables | 2.10 | 13,402.10 | 15,002.37 |
| iii. Cash and Cash Equivalents | 2.11 | 33,481.70 | 24,671.76 |
| iv. Bank Balances other than (iii) above | 2.12 | 1,28,132.94 | 1,50,435.02 |
| v. Other Financial Assets | 2.13 | 2,20,369.49 | 65,985.99 |
| b. Other Current Assets | 2.14 | 24,029.68 | 19,006.73 |
| Total Current Assets | | 4,24,712.84 | 3,12,556.58 |
| TOTAL ASSETS | | 7,22,091.98 | 5,64,525.55 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a. Equity Share Capital | 2.15 | 14,036.69 | 14,036.69 |
| b. Other Equity | 2.16 | 4,68,487.39 | 3,58,821.34 |
| Total Equity | | 4,82,524.08 | 3,72,858.03 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease Liabilities | 2.17 | 1,475.37 | 4,097.48 |
| ii. Others Financial Liabilities | 2.18 | 1,36,443.56 | 1,10,413.00 |
| b. Deferred Tax Liabilities (net) | 2.19 | 3,944.52 | 3,090.90 |
| c. Other Non-Current Liabilities | 2.20 | 1,011.91 | 685.27 |
| d. Provisions | 2.21 | 934.22 | 528.79 |
| Total Non-Current Liabilities | | 1,43,809.58 | 1,18,815.44 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i. Lease Liabilities | 2.22 | 1,292.70 | 1,209.12 |
| ii. Trade Payables Due to: | 2.23 | | |
| Micro and Small Enterprises | | 3.02 | 466.86 |
| Other than Micro and Small Enterprises | | 3,580.90 | 6,677.05 |
| iii. Other Financial Liabilities | 2.24 | 16,193.34 | 6,761.57 |
| b. Other Current Liabilities | 2.25 | 12,861.17 | 6,853.51 |
| c. Provisions | 2.26 | 43,856.91 | 32,634.30 |
| d. Current Tax Liabilities (net) | 2.27 | 17,970.28 | 18,249.67 |
| Total Current Liabilities | | 95,758.32 | 72,852.08 |
| TOTAL EQUITY AND LIABILITIES | | 7,22,091.98 | 5,64,525.55 |
| Material Accounting Policies and Notes to Accounts | 1&2 | | |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Consolidated Statement of Income and Expenditure

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Note No. | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|----------|---------------------------|---------------------------|
| Income | | | |
| Revenue from Operations | 2.28 | 2,87,646.36 | 2,06,488.11 |
| Other Income | 2.29 | 40,220.10 | 24,647.92 |
| Total Income | | 3,27,866.46 | 2,31,136.03 |
| Expenses | | | |
| Operating Expenses | 2.30 | 17,870.78 | 13,417.21 |
| Marketing Expenses | 2.31 | 78,183.54 | 44,540.45 |
| Employee Benefits Expenses | 2.32 | 32,365.62 | 24,173.13 |
| Depreciation and Amortisation Expenses | 2.33 | 22,854.64 | 17,143.19 |
| CSR Expenditure | 2.34 | 1,973.44 | 1,326.77 |
| Administrative and Other Expenses | 2.35 | 20,705.58 | 17,738.92 |
| Total Expenses | | 1,73,953.60 | 1,18,339.67 |
| Surplus / (Deficit) Before Tax | | 1,53,912.86 | 1,12,796.36 |
| Tax Expense | | | |
| Current Tax | 2.27 | 39,538.00 | 28,386.00 |
| Deferred Tax | | 953.40 | 1,659.48 |
| Prior Year Tax Adjustment | | (10.08) | (53.28) |
| Total Tax Expenses | | 40,481.32 | 29,992.20 |
| Surplus / (Deficit) for the year | | 1,13,431.54 | 82,804.16 |
| Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to Income and Expenditure | | | |
| Remeasurement of defined employee benefit plans | 2.16 | (130.25) | (6.42) |
| Return on plan assets (excluding interest) | | (23.99) | 3.70 |
| Income Tax relating to items that will not be reclassified to Income and Expenditure | | 99.75 | 7.20 |
| 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 | | (54.49) | 4.48 |
| Total Comprehensive Income for the Year | | 1,13,377.05 | 82,808.64 |
| Earnings per equity share | | | |
| (i) Basic earnings per share (₹) | 2.36 | 808.11 | 589.91 |
| (ii) Diluted earnings per share (₹) | | 808.11 | 589.91 |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Consolidated Statement of Changes in Equity

for the year ended 31st March 2024

2.15 Equity Share Capital

(Amount ₹ in Lakh)

| Balance as at 01-Apr-2023 | Changes in equity share capital due to prior period errors | Restated Balance as at 01-Apr-2023 | Changes in equity share capital during the year | Balance as at 31-Mar-2024 |
|---------------------------|--|------------------------------------|---|---------------------------|
| 14,036.69 | - | 14,036.69 | - | 14,036.69 |

(Amount ₹ in Lakh)

| Balance as at 01-Apr-2022 | Changes in equity share capital due to prior period errors | Restated Balance as at 01-Apr-2022 | Changes in equity share capital during the year | Balance as at 31-Mar-2023 |
|---------------------------|--|------------------------------------|---|---------------------------|
| 14,036.69 | - | 14,036.69 | - | 14,036.69 |

(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 | Products SGM Reserve* | Retained Earnings | |
| Balance as at 01-Apr-2023 | 16,048.39 | 32,500.00 | 1,000.00 | 19,647.00 | 100.00 | 40,000.00 | - | 2,49,693.39 | (167.44) |
| Total Comprehensive Income | - | - | - | - | - | - | - | 1,13,431.54 | (54.49) |
| Transfer to Technology Reserve | - | 5,173.00 | - | - | - | - | - | (5,173.00) | - |
| Transfer to Risk Cover Reserve | - | - | - | 4,173.00 | - | - | - | (4,173.00) | - |
| Transfer to Sustainability Reserve | - | - | - | - | - | 10,000.00 | - | (10,000.00) | - |
| Transfer to Product SGM Reserve* | - | - | - | - | - | - | 4,500.00 | (4,500.00) | - |
| Transfer to SGM - NFS Other | - | - | - | - | - | - | - | (289.48) | - |
| Transfer to SGM - IMPS Other | - | - | - | - | - | - | - | (1,391.37) | - |
| Transfer to SGM - AePS Other | - | - | - | - | - | - | - | (232.53) | - |
| Transfer to SGM - NETC Other | - | - | - | - | - | - | - | (8.92) | - |
| Transfer to SGM - UPI Other | - | - | - | - | - | - | - | (1,146.14) | - |
| Transfer to SGM - RuPay Other | - | - | - | - | - | - | - | (187.90) | - |
| Transfer to SGM - NACH Other | - | - | - | - | - | - | - | (267.04) | - |
| Transfer to SGM - BBPS Other | - | - | - | - | - | - | - | (187.14) | - |
| Transfer to SGM - NOCS Other | - | - | - | - | - | - | - | (0.48) | - |
| Transfer from NFS SGM Reserve | - | - | (1,000.00) | - | - | - | - | 1,000.00 | - |
| Transfer from RuPay SGM Reserve | - | - | - | - | (100.00) | - | - | 100.00 | - |
| Balance as at 31-Mar-2024 | 16,048.39 | 37,673.00 | - | 23,820.00 | - | 50,000.00 | 4,500.00 | 3,36,667.93 | (221.93) |
| | | | | | | | | | 4,68,487.39 |

* Product SGM Reserve is created pursuant to the Policy on Standardised Settlement Guarantee Mechanism as approved by RBI at the rate of ₹ 500 Lakh each for all the online products (NFS, IMPS, AePS, RuPay, UPI, NeTC, NACH, BBPS & NOCS). These reserves are to be utilised as NPCI's contribution to meet the exigencies of settlement risk in the online products. Earlier reserves namely NFS SGM Reserve & RuPay SGM Reserve are now transferred to retained earnings.

The Company has created reserves namely, 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.

Consolidated Statement of Changes in Equity

for the year ended 31st March 2024

2.16 Other Equity (Contd.)

(Amount ₹ in Lakh)

| Particulars | Reserves and Surplus | | | | | | Other Items of Other Comprehensive Income | Total |
|------------------------------------|----------------------------------|-----------------------|--------------------|-----------------------|----------------------|---------------------------|--|--------------------|
| | Securities Premium Reserve | Technology Reserve | NFS SGM Reserve | Risk Cover Reserve | RuPay SGM Reserve | Sustainability Reserve | Retained Earnings | |
| Balance as at 01-Apr-2022 | 16,048.39 | 27,500.00 | 1,000.00 | 15,647.00 | 100.00 | 30,000.00 | 1,88,159.05 | 2,78,282.52 |
| Total Comprehensive Income | - | - | - | - | - | - | 82,804.16 | 82,808.64 |
| Transfer to Technology Reserve | - | 5,000.00 | - | - | - | - | (5,000.00) | - |
| Transfer to Risk Cover Reserve | - | - | - | 4,000.00 | - | - | (4,000.00) | - |
| Transfer to Sustainability Reserve | - | - | - | - | - | 10,000.00 | (10,000.00) | - |
| Transfer to SGM - NFS Other | - | - | - | - | - | - | (347.66) | (347.66) |
| Transfer to SGM - IMPS Other | - | - | - | - | - | - | (1,123.99) | (1,123.99) |
| Transfer to SGM - AePS Other | - | - | - | - | - | - | (114.44) | (114.44) |
| Transfer to SGM - NETC Other | - | - | - | - | - | - | (7.99) | (7.99) |
| Transfer to SGM - UPI Other | - | - | - | - | - | - | (397.78) | (397.78) |
| Transfer to SGM - RuPay Other | - | - | - | - | - | - | (101.41) | (101.41) |
| Transfer to SGM - NACH Other | - | - | - | - | - | - | (96.75) | (96.75) |
| Transfer to SGM - BBPS Other | - | - | - | - | - | - | (79.80) | (79.80) |
| Balance as at 31-Mar-2023 | 16,048.39 | 32,500.00 | 1,000.00 | 19,647.00 | 100.00 | 40,000.00 | 2,49,693.39 | 3,58,821.34 |

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 CHANDABHOY & JASSOOBHOY

Chartered Accountants

Registration No.: 101647W

CA Ambesh Dave

Partner

Membership No.: 049289

Place : Mumbai

Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman

DIN: 09498080

Dilip Asbe

Managing Director & CEO

DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director

DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Consolidated Statement of Cash Flows

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Cash flow from operating activities | | |
| Net surplus / (deficit) for the year | 1,53,912.86 | 1,12,796.36 |
| Adjustment to reconcile net surplus / (deficit) to net cash by operating activities | | |
| Depreciation and Amortisation Expenses | 22,854.64 | 17,143.19 |
| (Gain) / Loss on sale or disposal of assets | 5.63 | 0.08 |
| Foreign Exchange (gain) / loss | 16.93 | 20.37 |
| Interest Income | (34,670.36) | (23,169.62) |
| Provisions | 16,362.98 | 11,164.89 |
| Liabilities no longer required - written back | (4,734.94) | (1,177.51) |
| Operating surplus / (deficit) before working capital changes | 1,53,747.74 | 1,16,777.76 |
| Adjustment for: | | |
| Trade and other receivables | (16,085.37) | (5,696.19) |
| Trade and other payables | 31,815.93 | 6,976.42 |
| Cash generated from / (used in) operations | 1,69,478.30 | 1,18,057.99 |
| Adjustment for Income Tax | (39,800.29) | (33,470.05) |
| Net cash generated from / (used in) operating activities (A) | 1,29,678.01 | 84,587.94 |
| Cash flow from investing activities | | |
| Expenditure on Property, plant and equipment | (39,062.69) | (45,828.58) |
| Redemption / (Investment) in earmarked funds | (60,642.91) | (82,551.17) |
| Redemption / (Investment) in own fund in Bank FD | (1,15,697.86) | 2,595.01 |
| Redemption / (Investment) with Financial Institutions | 23,831.85 | 42,862.04 |
| Redemption / (Investment) in Government Securities (quoted) | 3,481.36 | (21,015.96) |
| Redemption / (Investment) in T-Bills | 27,059.49 | 1,292.31 |
| Redemption / (Investment) in Government Bonds | 5,000.00 | 1,500.00 |
| Interest Income | 35,162.69 | 19,257.15 |
| Net cash generated from / (used in) investing activities (B) | (1,20,868.07) | (81,889.20) |
| Net cash generated from / (used in) financing activities (C) | - | - |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 8,809.94 | 2,698.74 |
| Cash and cash equivalents at the beginning of the period | 24,671.76 | 21,973.02 |
| Cash and cash equivalents at the end of the period | 33,481.70 | 24,671.76 |

Cash and cash equivalents comprise of the following:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.10 |
| Current account (Own Fund) | 23,704.20 | 4,826.08 |
| Current account (Flexi Facility with Bank) | 1,980.00 | 555.00 |
| Current account (International Settlements) | 7,296.40 | 4,389.58 |
| Deposits with Banks | | |
| Original maturity less than 3 months and with current maturity less than 3 months (Callable) | 500.00 | 14,900.00 |
| Total | 33,481.70 | 24,671.76 |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal
Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Material Accounting Policies for the year ended 31st March 2024

Group Overview

National Payments Corporation of India (NPCI / The Company), an umbrella organisation for operating retail payments and settlement systems in India, is an initiative of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India. The Company has its registered office at 1001A, B Wing, 10th Floor, The Capital, Bandra - Kurla Complex, Bandra (East) Mumbai, 400051, Maharashtra, India.

Considering the utility nature of the objects of NPCI, it has been incorporated as a "Not for Profit" Company under the provisions of Section 8 of The Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956), with an intention to provide infrastructure to the entire Banking system in India for physical as well as electronic payment and settlement systems. The Company is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

The Company has two wholly owned subsidiaries "NPCI International Payments Limited (NIPL)" and "NPCI Bharat BillPay Limited (NBBL)" which were incorporated on April 03, 2020 and December 10, 2020 respectively. NIPL is devoted to deployment of indigenously developed payment solutions such as UPI (Unified Payment Interface) and RuPay Cards in international market, to help countries democratize payments with sovereignty. The Bharat Bill Payment System (BBPS) is an RBI authorized payment system operated by NBBL. BBPS offers integrated, accessible and interoperable bill payments and collection services to businesses and their consumers across geographies with certainty, reliability and safety of transactions through a network of channels, enabling multiple payment modes, and providing instant confirmation of the receipt of payment. The Group is focused on bringing innovations in the retail payment systems through the use of technology for achieving greater efficiency in operations and widening the reach of payment systems.

The 10 promoter banks are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank Limited, HDFC Bank Limited, Citibank N. A. and HSBC. In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors. In 2020, new entities regulated by RBI were inducted, consisting of Payment Service Operators, payment banks, Small Finance Banks, etc. The shares were

allotted pursuant to issuance of equity shares on private placement basis in compliance to the applicable provisions of the Companies Act, 2013. There are 65 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, 1 Payments bank, 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), Aadhaar Enabled Payment System (AePS), Unified Payments Interface (UPI), National Electronic Toll Collection (NeTC), Bharat Interface for Money (BHIM), Aadhaar Payment Bridge System (ABPS), National Common Mobility Card (NCMC), etc. The above initiatives will contribute towards achieving Less-cash society. The Group through its product and services is 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. The Group has set up Innovation Council comprising of industry leaders from payment industry for activities related to innovation in payment systems. NPCI has built its own data centres for hosting the Information Technology infrastructure.

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 Less-cash society. The Group has been organizing digital financial literacy trainings for the customers of various organizations.

The training activities comprises meaning of Less-cash 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), UPI 123PAY and DigiSaathi. 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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

1.1. Basis of Preparation & Presentation of financial statements

The consolidated 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. The presentation and disclosure requirements are in accordance with Schedule III of the Companies Act, 2013 as amended from time to time. These consolidated financial statements have been prepared under the historical cost convention on accrual basis except for 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 consolidated financial statements include the Balance Sheet, the Statement of Income and Expenditure, the Statement of Changes in Equity, the Statement of Cash Flows and Notes comprising a summary of material accounting policies and other explanatory information and comparative information in respect of the preceding year.

The consolidated financial statements are presented in Indian Rupees rounded off to the nearest lakh ('00,000) as permitted by Schedule III of the Companies Act, 2013 except where 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. Gain 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-2024 | 31-Mar-2023 |
| 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. Statement of Cash flows

The statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". Cash flows are reported using the indirect method, whereby surplus for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and

financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

1.7. Use of estimates, judgements and key sources of estimation uncertainty

The preparation of consolidated 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 consolidated 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.

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 consolidated 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.

1.7.1. 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 Discounted Cash Flow (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 Cash Generating Unit (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.

1.7.2. Useful lives of Property, Plant and Equipment

The Group reviews the useful lives of property, plant and equipment as at each reporting date. This

reassessment may result in change in depreciation expense in future periods.

1.7.3. Valuation of Deferred Tax Assets

The Group reviews the carrying amount of deferred tax assets as at each reporting date.

1.7.4. 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.

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 as intended by the management. Any trade discounts and rebates are deducted in arriving at the purchase price. 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.

Each part of an item of PPE 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 Consolidated Balance Sheet are disclosed as "Capital Work-in-Progress".

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

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. Useful life of assets is

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits of the asset. Depreciation for additions to/deductions from, owned Assets is calculated on pro rata basis. 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.

An item of PPE 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 Consolidated income statement when the PPE is de-recognised.

Depreciation is provided using the straight-line method as per the following useful life as specified in 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 |
| 8 | Plant machinery and equipment | 8 – 15 |
| 9 | Electrical Installations | 10 |
| 10. | General Policy for all assets | Not Allowed - depreciation based on class of asset |

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

*Leasehold Improvements are depreciated over the lease term.

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

1.9. Intangible Assets

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

measured reliably. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Intangible Assets not ready for the intended use on the date of the Balance Sheet, are disclosed as "Intangible Assets under Development".

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

Amortization is provided using the straight-line Method as per the following useful life as specified in Schedule II of the Companies Act, 2013:

| Sr. No. | Nature of Assets Intangible Assets | Estimated useful life (In years) |
|---------|--|--|
| 1 | Software | 3 |
| 2 | Copyrights, and patents and other intellectual property rights | 5 |
| 3 | Brands / Brands acquired | NA (expensed out) / Tested for Impairment annually |
| 4 | Goodwill | Tested for Impairment annually |

1.10. 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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

1.11. Research and development expenditure

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

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

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

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

1.12. 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 surplus or deficit after tax from discontinued operations in the statement of Income & Expenditure.

All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

1.13. 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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

1.14. 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.

1.15. Other Equity

- (i) Product SGM Reserve is created as per the Policy on Standardised Settlement Guarantee Mechanism as approved by RBI. These reserves are to be utilised as Group's contribution to meet the exigencies of settlement risk in the online products.
- (ii) The Group also creates Technology, Risk Cover & Sustainability Reserves by way of appropriation from the surplus after tax as per the policy approved by the Board.

1.16. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value unless the effect of time value of money is not affecting materially and are determined based on a best estimate required to settle the obligation at the Balance Sheet date.

1.17. 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 except for trade receivables which are initially measured at transaction price.

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 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.
- 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-recognised when and only when:

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

Financial Liabilities

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

Offsetting

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

basis or to realise the asset and settle the liability simultaneously.

1.18. Revenue recognition

Revenue from contracts with customers is recognised when services are rendered to the customers or upon completion of services 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 as per Ind AS 115 – Revenue from Contracts with Customers.

1.18.1. Income from Operations

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

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

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction.

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

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

1.18.2. 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 employee bond recovery, shared service income from subsidiaries, sale of scrap, fees received towards tender process, loyalty fees, business support charges, etc.

1.19. Employee Benefits

1.19.1. 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.

1.19.2. 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 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.

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 recognized in other comprehensive income

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

and is reflected immediately in retained earnings and is not reclassified to statement of income & expenditure.

Leave Encashment: The Group provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave (as per prevailing leave policy of the Group) based on actuarial valuation of the leave encashment liability at the Balance Sheet date, carried out by an independent actuary.

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 recognized in statement of income and expenditure.

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 statement of income & expenditure.

In case of inter-company employee transfers within the NPCI group, it is treated as continuity in service period and as such the Company recognizes long service provided by its employees by calculating the period of service from the date of joining of the group and not the date of transfer to the Company. Further, in case of such inter-company transfer, the transferee company cross charges to the transferor company the amount of Gratuity / Leave Encashment payable to the employee as on the date of transfer to transferor company. In case, the employee leaves before the eligible

period of payment of gratuity, the above cross charge will be reversed.

1.20. Income Tax

The Company has been incorporated as a 'Not for Profit Company' under section 8 of Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956), and granted registration under section 12AB 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.

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.

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 surplus. 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. The Group offsets, on a year on year basis, the Deferred 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.

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.

1.21. Earnings per share

Basic earnings per equity share are computed by dividing the net surplus 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 surplus attributable to the equity holders of the Group by the weighted average number

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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

1.22. Contingent Assets

A contingent asset is a possible asset that arises from past events the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the enterprise. Contingent Assets, if any, are disclosed in the Notes to Accounts.

1.23. Contingent Liabilities

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with

sufficient reliability. Contingent Liabilities, if any, are disclosed in the Notes to Accounts.

1.24. 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.

1.25. 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 reporting date. 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 reporting date at the closing rate are recognised in income and expenditure in the period in which they arise.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2 NOTES TO ACCOUNTS

2.01 Property, Plant and Equipment

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | |
|--|----------------------|------------------|--------------|--------------------------|----------------------|------------------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Land | 3,995.04 | - | - | 3,995.04 | - | - | - | 3,995.04 |
| Building | 19,865.50 | 1,318.00 | - | 21,183.50 | 685.63 | 356.82 | 1,042.45 | 20,141.05 |
| Computers | 3,802.39 | 1,012.42 | 4.91 | 4,809.90 | 2,489.76 | 864.56 | 3,350.21 | 1,459.69 |
| Network Equipment | 17,849.21 | 2,145.47 | 0.65 | 19,994.03 | 10,122.09 | 2,625.42 | 12,746.89 | 7,727.12 |
| Switching Equipment / Central Processors | 46,286.21 | 24,153.58 | 75.52 | 70,364.27 | 22,485.47 | 9,099.05 | 31,513.68 | 23,800.74 |
| Furniture and Fixture | 718.29 | 501.47 | - | 1,219.76 | 272.68 | 150.27 | 422.95 | 796.81 |
| Electrical Installation | 14,825.98 | 648.09 | - | 15,474.07 | 893.29 | 1,700.62 | 2,593.91 | 13,932.69 |
| Office Equipment | 978.82 | 370.77 | 1.11 | 1,348.48 | 552.44 | 227.97 | 780.12 | 426.38 |
| Leasehold improvement | 587.21 | 289.54 | - | 876.75 | 213.57 | 236.80 | 450.37 | 373.64 |
| Plant and Machinery | 4,509.10 | - | - | 4,509.10 | 163.97 | 301.22 | 465.19 | 4,345.13 |
| Total | 1,13,417.75 | 30,439.34 | 82.19 | 1,43,774.90 | 37,878.90 | 15,562.73 | 53,365.77 | 75,538.85 |

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March 2023

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | |
|--|----------------------|------------------|--------------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Land | 3,995.04 | - | - | 3,995.04 | - | - | - | 3,995.04 |
| Building | 4,022.39 | 15,843.11 | - | 19,865.50 | 474.43 | 211.20 | 685.63 | 19,179.87 |
| Computers | 3,058.59 | 755.55 | 11.75 | 3,802.39 | 1,844.34 | 656.69 | 2,489.76 | 1,312.63 |
| Network Equipment | 13,305.73 | 4,587.70 | 44.22 | 17,849.21 | 7,853.98 | 2,312.33 | 10,122.09 | 5,451.75 |
| Switching Equipment / Central Processors | 27,419.55 | 18,866.66 | - | 46,286.21 | 16,921.64 | 5,563.83 | 22,485.47 | 10,497.91 |
| Furniture and Fixture | 546.60 | 171.69 | - | 718.29 | 208.60 | 64.08 | 272.68 | 338.00 |
| Electrical Installation | 208.83 | 14,617.15 | - | 14,825.98 | 81.49 | 811.80 | 893.29 | 127.34 |
| Office Equipment | 639.02 | 339.80 | - | 978.82 | 447.67 | 104.77 | 552.44 | 191.35 |
| Leasehold improvement | 569.42 | 17.79 | - | 587.21 | 110.54 | 103.03 | 213.57 | 458.88 |
| Plant and Machinery | - | 4,509.10 | - | 4,509.10 | - | 163.97 | 163.97 | - |
| Total | 53,765.17 | 59,708.55 | 55.97 | 1,13,417.75 | 27,942.69 | 9,991.70 | 37,878.90 | 25,822.48 |

Notes:

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.02 Capital Work-In-Progress

Capital Work in Progress (CWIP) as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | Total |
|--------------------------------|---------------------|-----------------|--------------|----------------------------|-----------------|
| Projects in progress | 5,770.04 | 1,325.92 | 70.05 | - | 7,166.01 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 5,770.04 | 1,325.92 | 70.05 | - | 7,166.01 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | To Be Completed | | | | Total |
|-----------------------------|---------------------|-------------|-------------|----------------------------|----------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| None | - | - | - | - | - |
| Total | - | - | - | - | - |

Capital Work in Progress (CWIP) as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | Total |
|--------------------------------|---------------------|---------------|--------------|----------------------------|------------------|
| Projects in progress | 12,527.67 | 290.31 | 67.46 | - | 12,885.44 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 12,527.67 | 290.31 | 67.46 | - | 12,885.44 |

Details of Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | To be completed | | | | Total |
|------------------------------|---------------------|--------------|-------------|----------------------------|---------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| Smart Data Centre - Project* | 645.44 | 85.79 | - | - | 731.23 |
| Total | 645.44 | 85.79 | - | - | 731.23 |

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.03 Right of Use Assets

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|---------------------|----------------------|---------------|-----------------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Right of Use Assets | 10,796.24 | 539.10 | 1,409.17 | 9,926.17 | 6,260.11 | 1,364.51 | 7,624.62 | 4,536.13 |
| Total | 10,796.24 | 539.10 | 1,409.17 | 9,926.17 | 6,260.11 | 1,364.51 | 7,624.62 | 4,536.13 |

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|---------------------|----------------------|-----------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Right of Use Assets | 9,256.11 | 1,540.13 | - | 10,796.24 | 4,742.53 | 1,517.58 | 6,260.11 | 4,513.58 |
| Total | 9,256.11 | 1,540.13 | - | 10,796.24 | 4,742.53 | 1,517.58 | 6,260.11 | 4,513.58 |

2.04 Intangible Assets

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|--------------------------|----------------------|------------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2023 | Additions | Deletions | As at 31-Mar-2024 | As at 01-Apr-2023 | Additions | As at 31-Mar-2024 | As at 31-Mar-2023 |
| Computer Software | 41,537.56 | 12,233.14 | - | 53,770.70 | 36,511.09 | 5,306.41 | 41,817.41 | 5,026.47 |
| BBPS | 0.01 | - | - | 0.01 | 0.01 | - | 0.01 | - |
| IPR - BHARAT BILLPAY | 1,888.00 | - | - | 1,888.00 | 755.20 | 378.63 | 1,133.83 | 1,132.80 |
| Contracts with Customers | 1,210.00 | - | - | 1,210.00 | 484.00 | 242.66 | 726.66 | 726.00 |
| Goodwill on Purchase | 207.40 | - | - | 207.40 | - | - | - | 207.40 |
| Consideration | - | - | - | - | - | - | - | - |
| Total | 44,842.97 | 12,233.14 | - | 57,076.11 | 37,750.30 | 5,927.70 | 43,677.91 | 7,092.67 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.04 Intangible Assets (Contd.)

Following are the changes in the carrying value of Intangible Assets for the year ended 31st March 2023

| Asset Group | GROSS BLOCK | | | ACCUMULATED AMORTISATION | | | NET BLOCK | |
|------------------------------------|----------------------|-----------------|-----------|--------------------------|----------------------|-----------------|----------------------|----------------------|
| | As at 01-Apr-2022 | Additions | Deletions | As at 31-Mar-2023 | As at 01-Apr-2022 | Additions | As at 31-Mar-2023 | As at 31-Mar-2022 |
| Computer Software | 38,670.93 | 2,866.63 | - | 41,537.56 | 31,496.57 | 5,014.52 | 5,026.47 | 7,174.36 |
| BBPS | 0.01 | - | - | 0.01 | 0.01 | - | - | - |
| IPR - BHARAT BILLPAY | 1,888.00 | - | - | 1,888.00 | 377.60 | 377.60 | 1,132.80 | 1,510.40 |
| Contracts with Customers | 1,210.00 | - | - | 1,210.00 | 242.00 | 242.00 | 726.00 | 968.00 |
| Goodwill on Purchase Consideration | 207.40 | - | - | 207.40 | - | - | 207.40 | 207.40 |
| Total | 41,976.34 | 2,866.63 | - | 44,842.97 | 32,116.18 | 5,634.12 | 7,092.67 | 9,860.16 |

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.05 Intangible Assets Under Development (IAUD) as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | Amount in IAUD for a period of | | | | Total |
|--------------------------------|--------------------------------|-----------------|---------------|-------------------------|------------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | 9,406.23 | 1,323.46 | 388.01 | 0.79 | 11,118.49 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 9,406.23 | 1,323.46 | 388.01 | 0.79 | 11,118.49 |

Intangible Assets Under Development whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2024

(Amount ₹ in Lakh)

| Particulars | To be completed in | | | | Total |
|-----------------------------|--------------------|-------------|-------------|-------------------------|--------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| BOAT Deployment* | 36.60 | - | - | - | 36.60 |
| Total | 36.60 | - | - | - | 36.60 |

*Biller On boarding and Automated Testing Deployment Project got delayed due to technical issues during the deployment.

Intangible Assets Under Development (IAUD) as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | Amount in IAUD for a period of | | | | Total |
|--------------------------------|--------------------------------|-----------------|--------------|-------------------------|-----------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | 6,686.05 | 1,356.99 | 31.31 | 63.52 | 8,137.87 |
| Projects temporarily suspended | - | - | - | - | - |
| Total | 6,686.05 | 1,356.99 | 31.31 | 63.52 | 8,137.87 |

Intangible Assets Under Development, whose completion is overdue or has exceeded its cost compared to Original Plan as on 31st March 2023

(Amount ₹ in Lakh)

| Particulars | To be completed in | | | | Total |
|--|--------------------|---------------|-------------|-------------------------|---------------|
| | Less than 1 year | 1 - 2 years | 2 - 3 years | More years than 3 years | |
| Projects in progress | | | | | |
| Smart Data Centre - Project* | - | 63.52 | - | - | 63.52 |
| Project - Project Innovation* | - | 378.61 | - | - | 378.61 |
| Unified Presentment and Management System(UPMS) Phase 3 and UPMS Support** | - | 68.00 | - | - | 68.00 |
| Biller On boarding and Automated Testing Deployment** | 10.50 | - | - | - | 10.50 |
| Total | 10.50 | 510.13 | - | - | 520.63 |

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

- Smart Data Centre was January'2022.

- Project Innovation was March'2022.

**The projects have been over due :

(i) Due to COVID- 19 and resource attrition, the services from the vendor providing UPMS Phase 3 and UPMS Support project got impacted resulting in delay in the project.

(ii) Biller On boarding and Automated Testing Deployment Project got delayed due to technical issues during the deployment.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.06 Investments (Non-Current)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty as at | | As at | As at |
|--|----------------------------|-------------|-------------|-------------|-------------|
| | | 31-Mar-2024 | 31-Mar-2023 | 31-Mar-2024 | 31-Mar-2023 |
| Quoted Investment carried at amortised cost | | | | | |
| I. Investment in Government Securities with Maturity more than 12 months | | | | | |
| G-Sec 7.35% 2024 | 100 | - | 4,00,000 | - | 398.29 |
| G-Sec 8.40% 2024 | 100 | - | 4,00,000 | - | 401.91 |
| G-Sec 7.72% 2025 | 100 | 4,00,000 | 4,00,000 | 400.15 | 400.27 |
| G-Sec 8.15% 2026 | 100 | 6,00,000 | 6,00,000 | 603.46 | 604.59 |
| G-Sec 8.60% 2028 | 100 | 4,00,000 | 4,00,000 | 408.49 | 410.16 |
| G-Sec 7.88% 2030 | 100 | 8,00,000 | 8,00,000 | 797.87 | 797.60 |
| G-Sec 7.95% 2032 | 100 | 8,00,000 | 8,00,000 | 805.05 | 805.46 |
| G-Sec 8.24% 2033 | 100 | 14,00,000 | 14,00,000 | 1,438.61 | 1,441.24 |
| G-Sec 7.59% 2029 | 100 | 8,00,000 | 8,00,000 | 796.92 | 796.43 |
| G-Sec 7.61% 2030 | 100 | 4,00,000 | 4,00,000 | 398.93 | 398.80 |
| G-Sec 7.17% 2028 | 100 | 2,00,000 | 2,00,000 | 194.42 | 193.20 |
| G-Sec 7.59% 2026 | 100 | 4,00,000 | 4,00,000 | 398.91 | 398.35 |
| G-Sec 7.26% 2029 | 100 | 12,00,000 | 12,00,000 | 1,205.95 | 1,206.99 |
| G-Sec 8.24% 2027 | 100 | 6,00,000 | 6,00,000 | 609.88 | 612.86 |
| G-Sec 7.27% 2026 | 100 | 20,00,000 | 20,00,000 | 2,018.96 | 2,027.47 |
| G-Sec 7.57% 2033 | 100 | 20,00,000 | 20,00,000 | 2,088.43 | 2,095.15 |
| G-Sec 6.45% 2029 | 100 | 10,00,000 | 10,00,000 | 998.16 | 997.90 |
| G-Sec 6.18% 2024 | 100 | - | 4,00,000 | - | 402.47 |
| G-Sec 5.79% 2030 | 100 | 6,00,000 | 6,00,000 | 599.41 | 599.33 |
| G-Sec 6.19% 2034 | 100 | 33,45,000 | 33,45,000 | 3,319.11 | 3,317.39 |
| G-Sec 5.77% 2030 | 100 | 14,00,000 | 14,00,000 | 1,385.84 | 1,384.05 |
| G-Sec 5.85% 2030 | 100 | 12,00,000 | 12,00,000 | 1,187.82 | 1,186.38 |
| G-Sec 6.22% 2035 | 100 | 32,85,000 | 32,85,000 | 3,245.38 | 3,242.98 |
| G-Sec 5.63% 2026 | 100 | 11,00,000 | 11,00,000 | 1,099.47 | 1,099.24 |
| G-Sec 6.64% 2035 | 100 | 6,00,000 | 6,00,000 | 600.09 | 600.09 |
| G-Sec 5.74% 2026 | 100 | 23,00,000 | 23,00,000 | 2,278.03 | 2,270.59 |
| G-Sec 6.69% 2024 | 100 | - | 19,00,000 | - | 1,898.31 |
| G-Sec 6.54% 2032 | 100 | 2,00,000 | 2,00,000 | 189.49 | 188.52 |
| G-Sec 7.38% 2027 | 100 | 21,50,000 | 21,50,000 | 2,161.49 | 2,164.56 |
| G-Sec 7.10% 2029 | 100 | 73,10,000 | 73,10,000 | 7,228.12 | 7,215.16 |
| G-Sec 7.26% 2032 | 100 | 30,00,000 | 30,00,000 | 2,997.40 | 2,997.19 |
| G-Sec 7.38% 2037 | 100 | 2,00,000 | 2,00,000 | 201.26 | 201.60 |
| G-Sec 6.89% 2025 | 100 | - | 22,00,000 | - | 2,191.59 |
| G-Sec 7.26% 2033 | 100 | 34,00,000 | 30,00,000 | 3,395.41 | 2,989.64 |
| G-Sec 7.17% 2030 | 100 | 11,00,000 | - | 1,100.53 | - |
| G-Sec 7.06% 2028 | 100 | 2,00,000 | - | 200.12 | - |
| G-Sec 6.99% 2026 | 100 | 2,00,000 | - | 199.53 | - |
| Total | | | | 44,552.69 | 47,935.76 |
| Aggregate amount of quoted investments | | | | 44,552.69 | 47,935.76 |
| Market Value of quoted investments | | | | 44,258.69 | 47,149.52 |
| Aggregate amount of unquoted investments | | | | - | - |
| Aggregate amount of impairment in value of investments | | | | - | - |

The Company has invested in Central Government Securities, Treasury Bills, Government of India Bonds which are sovereign in nature. Hence, company has not provided for any Expected Credit Loss (ECL) on investments.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.07 Other Financial Assets (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Security Deposits* | 726.11 | 734.81 |
| Unamortised Advance Rental | 45.38 | 115.20 |
| Settlement Guarantee Fund (with International Alliances) | 172.42 | 134.06 |
| Sub Total (A) | 943.91 | 984.07 |
| Earmarked Deposits | | |
| Term Deposits with Banks | | |
| Original maturity more than 12 months and with current maturity more than 12 months (Callable) | | |
| - Bank Guarantee | 99.00 | 99.00 |
| - Technology Reserve | 9,000.00 | 27,250.00 |
| - NFS SGM Reserve | 500.00 | - |
| - AePS SGM Reserve | 500.00 | - |
| - IMPS SGM Reserve | 500.00 | - |
| - NACH SGM Reserve | 500.00 | - |
| - NeTC SGM Reserve | 500.00 | - |
| - UPI SGM Reserve | 500.00 | - |
| - RuPay SGM Reserve | 500.00 | - |
| - Risk Cover Reserve | 2,647.00 | 7,617.00 |
| - Sustainability Reserve | 27,500.00 | 3,473.15 |
| - SGM IMPS | - | 8,000.00 |
| - SGM AePS | - | 1,650.00 |
| - SGM NETC | 205.00 | 205.00 |
| - SGM UPI | 19,420.00 | 3,315.00 |
| - SGM RuPay | - | 3,400.00 |
| - SGM NACH | - | 2,970.00 |
| - SGM BBPS | - | 1,620.00 |
| Sub Total (B) | 62,371.00 | 59,599.15 |
| Deposits with Banks | | |
| Original maturity more than 12 months and with current maturity more than 12 months (Callable) | | |
| | 60,553.00 | 34,861.86 |
| Sub Total (C) | 60,553.00 | 34,861.86 |
| Total (A + B + C) | 1,23,867.91 | 95,445.08 |

*Security deposits includes deposits given for leased office premises and utilities like electricity supplies, hospitals for employee benefits, etc.

2.08 Other Non-Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|----------------------|----------------------|
| Capital Advance | 4,427.27 | 22.98 |
| Prepaid Expenses* | 137.89 | 374.19 |
| Total | 4,565.16 | 397.17 |

*The prepaid expenses consist of un-expired portion of RuPay Card holder's and other insurance premium, annual maintenance expenses, subscription, etc.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.09 Investments (Current)

(Amount ₹ in Lakh)

| Particulars | Face Value per unit (In ₹) | Qty as at | | As at | As at |
|--|----------------------------|-------------|-------------|-------------|-------------|
| | | 31-Mar-2024 | 31-Mar-2023 | 31-Mar-2024 | 31-Mar-2023 |
| Quoted Investments carried at amortised cost | | | | | |
| Investments in Government Securities with maturity less than 12 months | | | | | |
| G-Sec 6.69% 2024 | 100 | 19,00,000 | - | 1,899.66 | - |
| G-Sec 4.26% 2023 | 100 | - | 6,00,000 | - | 599.87 |
| G-Sec 4.56% 2023 | 100 | - | 18,00,000 | - | 1,792.64 |
| G-Sec 7.37% 2023 | 100 | - | 6,00,000 | - | 599.89 |
| G-Sec 7.32% 2024 | 100 | - | 12,00,000 | - | 1,203.50 |
| G-Sec 7.68% 2023 | 100 | - | 12,00,000 | - | 1,199.32 |
| G-Sec 7.35% 2024 | 100 | 4,00,000 | - | 399.68 | - |
| G-Sec 8.40% 2024 | 100 | 4,00,000 | - | 400.48 | - |
| G-Sec 6.18% 2024 | 100 | 4,00,000 | - | 400.94 | - |
| G-Sec 6.89% 2025 | 100 | 22,00,000 | - | 2,196.17 | - |
| Sub Total (A) | | | | 5,296.93 | 5,395.22 |
| Treasury Bill | | | | | |
| with maturity less than 3 months | 100 | - | 1,40,00,000 | - | 13,306.10 |
| with maturity more than 3 months but less than 12 months | 100 | - | 1,46,30,000 | - | 13,753.39 |
| Sub Total (B) | | | | - | 27,059.49 |
| Unquoted Investments carried at amortised cost | | | | | |
| Government of India 8% Savings Bond | 100 | - | 50,00,000 | - | 5,000.00 |
| Sub Total (C) | | | | - | 5,000.00 |
| Total (A+B+C) | | | | 5,296.93 | 37,454.71 |
| Aggregate amount of quoted investments | | | | 5,296.93 | 32,454.71 |
| Market Value of quoted investments | | | | 5,294.59 | 33,462.48 |
| Aggregate amount of unquoted investments | | | | - | 5,000.00 |
| Aggregate provision for diminution in value of Investments | | | | - | - |

The Company has invested in Central Government Securities, Treasury Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any Expected Credit Loss (ECL) on investments.

2.10 Trade Receivables

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Unsecured - Considered good | | |
| Receivables for Settlement Fees | 9,486.69 | 13,611.57 |
| Receivables for Network / IIN recoveries | 348.24 | 45.43 |
| Receivables from International Alliances | 10.78 | - |
| Receivables for Certification / Others | 3,317.22 | 1,188.63 |
| Receivables for RuPay (others) | 239.17 | 188.88 |
| Unsecured - Significant increase in credit risk | | |
| Receivables for Settlement Fees | 52.22 | - |
| Less : Allowance for Credit Losses | (52.22) | (32.14) |
| Total | 13,402.10 | 15,002.37 |

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. Accordingly, our provision for expected credit loss (ECL) on trade receivable is not material.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Ageing of Trade Receivables as at 31-Mar-2024

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not due | Total |
|--|---|-------------------|---------------|---------------|-------------------|-----------------|----------|------------------|
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | | |
| Undisputed Trade Receivables - considered good | 10,124.69 | 409.30 | 420.06 | 414.81 | 424.44 | 1,608.80 | - | 13,402.10 |
| Undisputed Trade Receivables - significant increase in credit risk | - | - | - | - | 52.22 | - | - | 52.22 |
| 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 | - | - | - | - | (52.22) | - | - | (52.22) |
| Total | 10,124.69 | 409.30 | 420.06 | 414.81 | 424.44 | 1,608.80 | - | 13,402.10 |

Ageing of Trade Receivables as at 31-Mar-2023

(Amount ₹ in Lakh)

| Particulars | Outstanding for following periods from due date of payments | | | | | Unbilled | Not due | Total |
|--|---|-------------------|---------------|---------------|-------------------|---------------|-------------|------------------|
| | Less than 6 months | 6 months - 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | | | |
| Undisputed Trade Receivables - considered good | 13,209.92 | 297.45 | 450.32 | 507.26 | 32.14 | 534.73 | 2.69 | 15,034.51 |
| 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 | - | - | - | - | (32.14) | - | - | (32.14) |
| Total | 13,209.92 | 297.45 | 450.32 | 507.26 | - | 534.73 | 2.69 | 15,002.37 |

2.11 Cash and Cash Equivalents

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|-------------------|-------------------|
| Balances with Banks | | |
| Balance in Current account with Reserve Bank of India | 1.10 | 1.10 |
| Current account (Own Fund) | 23,704.20 | 4,826.08 |
| Current account (Flexi Facility with Bank)* | 1,980.00 | 555.00 |
| Current account (International Settlements) | 7,296.40 | 4,389.58 |
| Deposits with Banks | | |
| Original maturity less than 3 months and with current maturity less than 3 months (Callable) | 500.00 | 14,900.00 |
| Total | 33,481.70 | 24,671.76 |

*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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.12 Other Bank Balances

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Earmarked Funds | | |
| Balances with Banks | | |
| Current account (SGM Contribution) | 5,516.94 | 640.88 |
| Term deposits with banks | | |
| Original maturity less than 3 months and current maturity less than 3 months (Callable) | | |
| - SGM NFS | 1,970.00 | - |
| - SGM IMPS | 570.00 | 2,100.00 |
| - SGM AePS | 1,555.00 | 100.00 |
| - SGM NETC | 200.00 | - |
| - SGM UPI | 1,500.00 | 200.00 |
| - SGM RuPay | 2,050.00 | 60.00 |
| - SGM NACH | 730.00 | 245.00 |
| - SGM BBPS | 500.00 | - |
| Original maturity 3 months to 12 months and current maturity less than 3 months (Non-Callable) | | |
| - Bank Guarantee | 7,250.00 | - |
| Original maturity 3 months to 12 months and current maturity less than 3 months (Callable) | | |
| - SGM IMPS | 2,250.00 | 2,378.00 |
| - SGM AePS | 790.00 | 985.00 |
| - SGM UPI | 9,100.00 | 8,870.00 |
| - SGM BBPS | 1,610.00 | 180.00 |
| Original maturity 3 months to 12 months and current maturity 3 months to 12 months (Callable) | | |
| - Bank Guarantee | - | 7,500.00 |
| - Technology Reserve | - | 5,250.00 |
| - NFS SGM Reserve | - | 1,000.00 |
| - Risk Cover Reserve | - | 4,530.00 |
| - RuPay SGM Reserve | - | 100.00 |
| - Sustainability Reserve | - | 30,526.85 |
| - SGM NFS | 6,500.00 | 8,400.00 |
| - SGM IMPS | 20,000.00 | 12,499.00 |
| - SGM AePS | 2,000.00 | 4,578.00 |
| - SGM UPI | 9,000.00 | 3,000.00 |
| - SGM RuPay | - | 1,600.00 |
| - SGM NACH | 2,000.00 | 2,000.00 |
| - SGM BBPS | 3,990.00 | 1,295.00 |
| Sub Total (A) | 79,081.94 | 98,037.73 |
| Deposits with Banks | | |
| Original maturity 3 months to 12 months but current maturity less than 3 months (Non-Callable) | 1,750.00 | - |
| Original maturity 3 months to 12 months but current maturity less than 3 months (Callable) | 12,701.00 | 11,796.00 |
| Original maturity 3 months to 12 months but current maturity more than 3 months to 12 months (Callable) | 34,600.00 | 40,601.29 |
| Sub Total (B) | 49,051.00 | 52,397.29 |
| Total (A+B) | 1,28,132.94 | 1,50,435.02 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.13 Other Financial Assets (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Advances to Employees | 244.38 | 164.63 |
| Unamortised Advance Rental | 42.62 | 46.12 |
| Deposit with insurance companies | 10.33 | 10.33 |
| Security deposit* | 261.53 | 249.76 |
| Prepaid Card | 2.12 | 1.39 |
| Others | 0.05 | - |
| Receivable from HDFC Life Insurance Company Ltd. | - | 5.50 |
| Receivable from Gratuity Trust | 34.62 | - |
| Interest Receivable on Income Tax Refund | 3,038.52 | 3,038.52 |
| Other Receivables | 8,416.94 | - |
| Interest Accrued but not due | | |
| - Other than SGM contribution deposits | 2,675.46 | 1,576.20 |
| - Government Securities, Treasury Bills & Government Bonds | 935.37 | 2,110.97 |
| - SGM NFS Contributions | 33.26 | 9.28 |
| - SGM IMPS Contributions | 135.64 | 392.03 |
| - SGM AePS Contributions | 22.52 | 11.73 |
| - SGM NETC Contributions | 1.94 | 2.31 |
| - SGM UPI Contributions | 182.88 | 395.69 |
| - SGM RuPay Contributions | 11.57 | 3.64 |
| - SGM NACH Contributions | 22.61 | 25.81 |
| - SGM BBPS Contributions | 18.87 | 12.08 |
| - SGM NOCS Contributions | 0.25 | - |
| Earmarked Funds | | |
| Term deposits with banks | | |
| Original maturity more than 12 months and current maturity less than 3 months (Callable) | | |
| - SGM NFS | - | 300.00 |
| - SGM NETC | - | 38.00 |
| - SGM UPI | - | - |
| - SGM RuPay | - | 285.00 |
| - SGM NACH | - | 199.00 |
| - SGM BBPS | - | 1,409.00 |
| - Risk Cover Reserve | 19,000.00 | - |
| - Sustainability Reserve | 10,000.00 | - |
| Original maturity more than 12 months and current maturity more than 3 months to 12 months (Callable) | | |
| - Technology Reserve | 28,673.00 | - |
| - Risk Cover Reserve | 2,173.00 | 7,500.00 |
| - Sustainability Reserve | 12,500.00 | 6,000.00 |
| - SGM NFS | - | 800.00 |
| - SGM IMPS | 8,000.00 | 12,300.00 |
| - SGM AePS | 1,650.00 | - |
| - SGM NETC | - | 120.00 |
| - SGM UPI | 7,315.00 | 15,400.00 |
| - SGM RuPay | 3,400.00 | - |
| - SGM NACH | 2,970.00 | 590.00 |
| - SGM BBPS | 1,720.00 | 490.00 |
| - SGM NOCS | 25.00 | - |
| - SGM BBPS Reserve | 500.00 | - |
| - SGM NOCS reserve | 500.00 | - |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.13 Other Financial Assets (Current) (Contd..)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Term Deposits with Banks | | |
| Original maturity more than 12 months but current maturity less than 3 months (Callable) | - | 2,499.00 |
| Original maturity more than 12 months but current maturity more than 3 months to 12 months (Non-Callable) | 18,000.00 | - |
| Original maturity more than 12 months but current maturity more than 3 months to 12 months (Callable) | 87,852.01 | 10,000.00 |
| Total | 2,20,369.49 | 65,985.99 |

*Security deposits includes deposits given for 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-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 company's Treasury team. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal.

2.14 Other Current Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------------|----------------------|----------------------|
| Prepaid Expenses* | 2,543.89 | 1,255.71 |
| GST Input/Cenvat Credit | 16,793.10 | 13,139.05 |
| Advances to Vendors | 4,692.69 | 4,611.97 |
| Total | 24,029.68 | 19,006.73 |

*The prepaid expenses consist of un-expired portion of RuPay Card holder's and other insurance premium, annual maintenance expenses, subscription, etc.

EQUITY AND LIABILITIES

2.15 Equity Share Capital

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Authorised Share Capital | | |
| 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 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 Share Capital | | |
| 1,40,36,692 Equity Shares of ₹ 100 each fully paid up (PY 1,40,36,692 Equity Share of ₹ 100 each) | 14,036.69 | 14,036.69 |
| Total | 14,036.69 | 14,036.69 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Reconciliation of shares outstanding as at the beginning and year ended 31st March 2024:

(Amount ₹ in Lakh)

| Particulars | Equity Shares | | | |
|--|-------------------|-----------|-------------------|-----------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | |
| | Number | Amount | Number | Amount |
| Shares outstanding as at the beginning of the year | 1,40,36,692 | 14,036.69 | 1,40,36,692 | 14,036.69 |
| Addition during the year | - | - | - | - |
| Shares outstanding as 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 ₹ 100 each. Each holder of equity shares is entitled to one vote per share.

In the period of five years immediately preceding 31st March, 2024:

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

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

| Particulars | Equity Shares | | | |
|----------------------|--------------------|--------------|--------------------|--------------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | |
| | 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% |
| 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% |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% |

Details of shareholding of promoters as at 31-Mar-2024

| Particulars | Equity Shares | | | | % of change during the year |
|----------------------|--------------------|--------------|--------------------|--------------|-----------------------------|
| | As at 31-Mar-2024 | | As at 31-Mar-2023 | | |
| | 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% | - |
| 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% | - |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Details of shareholding of promoters as at 31-Mar-2023

| Particulars | Equity Shares | | | | % of change during the year |
|----------------------|--------------------|--------------|--------------------|--------------|-----------------------------|
| | As at 31-Mar-2023 | | As at 31-Mar-2022 | | |
| | 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% | - |
| 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% | - |
| Bank of Baroda | 12,84,000 | 9.15% | 12,84,000 | 9.15% | - |
| Bank of India | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HDFC Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| ICICI Bank Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| Citibank N.A | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |
| HSBC Limited | 10,00,000 | 7.12% | 10,00,000 | 7.12% | - |

2.17 Lease Liabilities (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|-------------------|-------------------|
| Lease Liabilities | 1,475.37 | 4,097.48 |
| Total | 1,475.37 | 4,097.48 |

2.18 Other financial liabilities (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|--------------------|--------------------|
| SGM - NFS Contribution | 8,455.32 | 8,124.71 |
| SGM - IMPS Contribution | 30,803.60 | 37,218.24 |
| SGM - AePS Contribution | 6,684.83 | 7,312.79 |
| SGM - NETC Contribution | 371.18 | 359.40 |
| SGM - UPI Contribution | 46,309.52 | 30,781.93 |
| SGM - RuPay Contribution | 5,420.80 | 5,335.50 |
| SGM - NACH Contribution | 5,687.84 | 5,915.32 |
| SGM - BBPS Contribution | 7,723.63 | 4,909.99 |
| SGM - NOCS Contribution | 25.00 | - |
| Deposit- Collateral AePS/NETC/UPI | 500.59 | 439.61 |
| Deposit - Collateral RuPay International alliances | 14,884.46 | 4,149.73 |
| SGM - NFS (Other)* | 2,708.44 | 2,418.96 |
| SGM - IMPS (Other)* | 4,405.50 | 3,014.13 |
| SGM - AePS (Other)* | 287.29 | 54.76 |
| SGM - NETC (Other)* | 21.28 | 12.36 |
| SGM - UPI (Other)* | 1,300.51 | 154.37 |
| SGM - RuPay (Other)* | 222.15 | 34.25 |
| SGM - NACH (Other)* | 325.24 | 58.20 |
| SGM - BBPS (Other)* | 305.90 | 118.75 |
| SGM - NOCS(Other)* | 0.48 | - |
| Total | 1,36,443.56 | 1,10,413.00 |

*Pertains to the net income on SGM - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.18 Other financial liabilities (Non-Current) (Contd..)

NPCI has control over the funds received towards SGM contribution from Member Banks for the period the funds are held by it and the investments made with such funds. However, there is also an obligation to repay the funds to the Member Banks as per the Standardised SGM policy approved by RBI. Accordingly, the Company recognises SGM contribution received from Member Banks as a 'liability' and amounts invested from such contributions as 'assets' in the financial statements. The SGM balance held by the Company as well as the related amounts in the form of cash / investments are restricted in nature and can only be used for specified purposes as mentioned in Standardised SGM Policy.

As on 31-Mar-2024, the total funds amounting to ₹ 1,11,481.72 lakh is received towards SGM contribution from Member Banks. From such contributions ₹ 1,11,020.00 lakh is invested in Fixed deposits and ₹ 461.72 Lakh is available in bank account.

SGM – NFS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - NFS Contribution balance at the beginning | 8,124.71 | 11,171.26 |
| Add : Contribution received during the year | 1,937.97 | 6,035.68 |
| Less : Contribution refunded during the year | (1,607.35) | (9,082.23) |
| SGM - NFS Contribution balance at the end | 8,455.32 | 8,124.71 |
| SGM - NFS (Other) balance at the beginning | 2,418.96 | 2,071.30 |
| Interest received on SGM- NFS investments | 541.50 | 605.35 |
| Less: LOC charges | (150.77) | (137.45) |
| Less: Salary expense | (3.89) | (3.31) |
| Less: Income Tax | (97.36) | (116.93) |
| SGM - NFS (Other) balance at the end | 2,708.44 | 2,418.96 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy proposed by the Company. In line with the policy, the Company has collected from Member Banks availing NFS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 8,455.32 lakh. The SGM Contribution is placed as earmarked fixed deposits. The amount in SGM - NFS (Other) is the net income on SGM NFS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

SGM – IMPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - IMPS Contribution balance at the beginning | 37,218.24 | 35,829.83 |
| Add : Contribution received during the year | 10,416.00 | 23,861.43 |
| Less : Contribution refunded during the year | (16,830.64) | (22,473.02) |
| SGM - IMPS Contribution balance at the end | 30,803.60 | 37,218.24 |
| SGM - IMPS (Other) balance at the beginning | 3,014.13 | 1,890.14 |
| Interest received on SGM- IMPS investments | 2,459.47 | 2,178.19 |
| Less: LOC charges | (585.06) | (660.26) |
| Less: Salary expense | (15.08) | (15.92) |
| Less: Income Tax | (467.96) | (378.03) |
| SGM - IMPS (Other) balance at the end | 4,405.50 | 3,014.13 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for IMPS proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing IMPS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 30,803.60 lakh. The SGM contribution is placed as earmarked fixed deposits. The amount in SGM - IMPS (Other) is the net income on SGM IMPS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

SGM Contribution – AePS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - AePS Contribution balance at the beginning | 7,312.79 | 6,424.09 |
| Add : Contribution received during the year | 2,246.90 | 2,180.51 |
| Less : Contribution refunded during the year | (2,874.87) | (1,291.80) |
| SGM - AePS Contribution balance at the end | 6,684.83 | 7,312.79 |
| SGM - AePS (Other) balance at the beginning | 54.76 | (59.68) |
| Interest received on SGM- AePS investments | 476.33 | 331.53 |
| Less: LOC charges | (161.43) | (174.39) |
| Less: Salary expense | (4.16) | (4.21) |
| Less: Income Tax | (78.21) | (38.49) |
| SGM - AePS (Other) balance at the end | 287.29 | 54.76 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for AePS proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing AePS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 6,684.83 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - AePS (Other) is the net income on SGM AePS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM Contribution – NETC

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - NETC Contribution balance at the beginning | 359.40 | 340.38 |
| Add : Contribution received during the year | 41.99 | 124.48 |
| Less : Contribution refunded during the year | (30.20) | (105.46) |
| SGM - NETC Contribution balance at the end | 371.18 | 359.40 |
| SGM - NETC (other) balance at the end | 12.36 | 4.37 |
| Interest received on SGM- NETC investments | 22.60 | 17.10 |
| Less: LOC charges | (10.42) | (6.27) |
| Less: Salary expense | (0.27) | (0.15) |
| Less: Income Tax | (3.00) | (2.69) |
| SGM - NETC (other) balance at the end | 21.28 | 12.36 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for NETC proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing NETC services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 371.18 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - NETC (Other) is the net income on SGM NETC - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM Contribution – UPI

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - UPI Contribution balance at the beginning | 30,781.93 | 19,506.39 |
| Add : Contribution received during the year | 17,208.45 | 13,611.86 |
| Less : Contribution refunded during the year | (1,680.87) | (2,336.32) |
| SGM - UPI Contribution balance at the end | 46,309.51 | 30,781.93 |
| SGM - UPI (other) balance at the beginning | 154.37 | (243.41) |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

SGM Contribution – UPI (Contd..)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Interest received on SGM- UPI investments | 2,691.51 | 1,379.74 |
| Less: LOC charges | (1,130.75) | (828.20) |
| Less: Salary expense | (29.15) | (19.97) |
| Less: Income Tax | (385.48) | (133.79) |
| SGM - UPI (other) balance at the end | 1,300.51 | 154.37 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for UPI proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing UPI services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 46,309.51 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - UPI (Other) is the net income on SGM UPI - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM Contribution – RuPay

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| SGM - RuPay Contribution balance at the beginning | 5,335.50 | 5,778.20 |
| Add : Contribution received during the year | 1,463.09 | 2,334.24 |
| Less : Contribution refunded during the year | (1,377.79) | (2,776.94) |
| SGM - RuPay Contribution balance at the end | 5,420.80 | 5,335.50 |
| SGM - RuPay (other) balance at the beginning | 34.25 | (67.16) |
| Interest received on SGM- RuPay investments | 367.51 | 271.10 |
| Less: LOC charges | (113.49) | (132.39) |
| Less: Salary expense | (2.93) | (3.19) |
| Less: Income Tax | (63.20) | (34.11) |
| SGM - RuPay (other) balance at the end | 222.15 | 34.25 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for RuPay proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing RuPAY services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 5,420.80 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - RuPay (Other) is the net income on SGM RuPay - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM Contribution – NACH

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - NACH Contribution balance at the beginning | 5,915.32 | 2,564.77 |
| Add : Contribution received during the year | 5,606.64 | 6,943.12 |
| Less : Contribution refunded during the year | (5,834.13) | (3,592.57) |
| SGM - NACH Contribution balance at the end | 5,687.83 | 5,915.32 |
| SGM - NACH (other) balance at the beginning | 58.20 | (38.55) |
| Interest received on SGM- NACH investments | 433.38 | 222.00 |
| Less: LOC charges | (74.61) | (90.53) |
| Less: Salary expense | (1.92) | (2.18) |
| Less: Income Tax | (89.81) | (32.54) |
| SGM - NACH (other) balance at the end | 325.23 | 58.20 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

SGM Contribution – NACH (Contd..)

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy for NACH proposed by the Company. In line with the Policy, the Company has collected from Member Banks availing NACH services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 5,687.83 lakh. The SGM contribution is placed as earmarked fixed Deposits. The amount in SGM - NACH (Other) is the net income on SGM NACH - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution for the purpose of SGM.

SGM – BBPS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - BBPS Contribution balance at the beginning | 4,909.99 | 3,677.83 |
| Add : Contribution received during the year | 13,767.26 | 1,232.16 |
| Less : Contribution refunded during the year | (10,953.63) | - |
| SGM - BBPS Contribution balance at the end | 7,723.63 | 4,909.99 |
| SGM - BBPS (other) balance at the beginning | 118.75 | 38.95 |
| Less : Interest received on SGM- BBPS investments | 411.87 | 225.59 |
| Less : LOC charges | (143.56) | (110.48) |
| Less : Salary expense | (4.28) | (2.53) |
| Less : Income Tax | (76.89) | (32.79) |
| SGM BBPS (other) balance at the end | 305.90 | 118.75 |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy proposed by the Company. In line with the policy, the Company has collected from Member Banks availing BBPS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 7,723.63 lakh. The SGM Contribution is placed as earmarked fixed deposits. The amount in SGM - BBPS (Other) is the net income on SGM BBPS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

SGM – NOCS

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| SGM - NOCS Contribution balance at the beginning | - | - |
| Add : Contribution received during the year | 25.00 | - |
| Less : Contribution refunded during the year | - | - |
| SGM - NOCS Contribution balance at the end | 25.00 | - |
| SGM - NOCS (other) balance at the beginning | - | - |
| Less : Interest received on SGM- BBPS investments | 0.91 | - |
| Less : LOC charges | (0.23) | - |
| Less : Salary expense | (0.01) | - |
| Less : Income Tax | (0.20) | - |
| SGM NOCS (other) balance at the end | 0.48 | - |

RBI vide letter CO.DPSS.OVRST.No.S57/06-07-012/2021-2022 dated 01st May, 2021 had given consent for the Standardised Settlement Guarantee Mechanism Policy proposed by the Company. In line with the policy, the Company has collected from Member Banks availing NOCS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution as on 31st March, 2024 is ₹ 25 lakh. The SGM Contribution is placed as earmarked fixed deposits. The amount in SGM - NOCS (Other) is the net income on SGM NOCS - earmarked Investments (net off SGM related and Income Tax expenses) since inception of SGM Contribution.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.19 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Deferred Tax Liabilities | | |
| Property, Plant and Equipment | 4,427.74 | 3,628.15 |
| Right of Use Assets | 579.26 | 1,141.76 |
| Deferred Tax Assets | | |
| Lease Liabilities | (696.67) | (1,335.69) |
| Provision for Gratuity | (118.38) | (81.01) |
| Provision for Leave Encashment | (121.57) | (104.22) |
| Investment in Government Securities and Treasury Bills | - | (53.68) |
| Share Issue Expenses | (1.42) | (2.84) |
| Income tax Loss | - | (80.25) |
| Preliminary Expenses | (11.36) | (21.14) |
| Other Comprehensive Income | (99.94) | (0.18) |
| Allowance for Credit Losses | (13.14) | - |
| Total | 3,944.52 | 3,090.90 |

2.20 Other Non-Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Service Charges (Network) received in advance | 1,011.91 | 685.27 |
| Total | 1,011.91 | 685.27 |

2.21 Provisions (Non-Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--------------------------------------|----------------------|----------------------|
| Provision for Gratuity (net) | 456.47 | 185.27 |
| Provision for Leave Encashment (net) | 477.75 | 343.52 |
| Total | 934.22 | 528.79 |

2.22 Lease Liabilities (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------|----------------------|----------------------|
| Lease Liabilities | 1,292.70 | 1,209.12 |
| Total | 1,292.70 | 1,209.12 |

2.23 Trade Payables

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Micro and Small Enterprises | 3.02 | 466.86 |
| Other than Micro and Small Enterprises | 3,580.90 | 6,677.05 |
| Total | 3,583.92 | 7,143.91 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Ageing of Trade Payables as at 31-Mar-2024

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | Unbilled | Not Due | Total |
|--|------------------|-------------|-----------------|-------------------|-----------------|-------------|----------|-----------------|
| Micro and Small Enterprises | 3.02 | - | - | - | 3.02 | - | - | 3.02 |
| Other than Micro and Small Enterprises | 1,770.08 | - | 1,352.49 | 449.92 | 3,572.48 | 8.42 | - | 3,580.90 |
| Disputed dues - Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues - Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 1,773.10 | - | 1,352.49 | 449.92 | 3,575.50 | 8.42 | - | 3,583.92 |

Ageing of Trade Payables as at 31-Mar-2023

(Amount ₹ in Lakh)

| Particulars | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | Total | Unbilled | Not Due | Total |
|--|------------------|-------------|-----------------|-------------------|-----------------|----------|--------------|-----------------|
| Micro and Small Enterprises | 466.86 | - | - | - | 466.86 | - | - | 466.86 |
| Other than Micro and Small Enterprises | 4,286.26 | - | 2,295.30 | - | 6,581.56 | - | 95.49 | 6,677.05 |
| Disputed dues - Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Disputed dues - Other than Micro and Small Enterprises | - | - | - | - | - | - | - | - |
| Total | 4,753.12 | - | 2,295.30 | - | 7,048.42 | - | 95.49 | 7,143.91 |

2.24 Other Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|-------------------|-------------------|
| Payable for Ministry of Rural Development (MORD) | 1.23 | 0.76 |
| Security Deposits | 1.57 | 1.57 |
| Earnest Money Deposits | 487.79 | 327.41 |
| Capital Creditors | 376.97 | 297.92 |
| Other Payables | 15,325.78 | 6,133.91 |
| Total | 16,193.34 | 6,761.57 |

2.25 Others Current Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|-------------------|-------------------|
| Statutory Liabilities* | 6,710.50 | 5,897.14 |
| Advance for Centralised Promotion of IMPS (Net)** | - | - |
| Advance from Customers | 5,738.95 | 585.82 |
| Service Charges (Network) received in advance | 411.72 | 370.55 |
| Total | 12,861.17 | 6,853.51 |

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

**The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount is as follows:

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.25 Others Current Liabilities (Contd..)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Opening balance | - | 0.40 |
| Less : Expenses towards Centralised Promotion of IMPS | - | (0.40) |
| Total | - | - |

2.26 Provisions (Current)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|------------------------|----------------------|----------------------|
| Provision for Expenses | 43,856.91 | 32,634.30 |
| Total | 43,856.91 | 32,634.30 |

The movement in the provision for expenses including the Non-Current Provisions is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Balance as at the beginning of the year | 33,163.09 | 23,175.71 |
| Provision during the year | 61,082.90 | 31,142.37 |
| Less : Provision reversed during the year | (4,734.94) | (1,177.51) |
| Less : Provision utilised during the year | (44,719.92) | (19,977.48) |
| Balance as at the end of the Year | 44,791.13 | 33,163.09 |

2.27 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Provision for Tax - (Net of Advance Income Tax and TDS) | 17,970.28 | 18,249.67 |
| Total | 17,970.28 | 18,249.67 |

Advance Income Tax and TDS as at 31-Mar-2024 of ₹ 1,60,650.37 lakh and as at 31-Mar-2023 of ₹ 1,21,476.98 lakh

Income Taxes

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

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---------------------------|----------------------|----------------------|
| Current Tax | 39,538.00 | 28,386.00 |
| Deferred Tax | 953.40 | 1,659.48 |
| Prior Year Tax Adjustment | (10.08) | (53.28) |
| Total | 40,481.32 | 29,992.20 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

A Reconciliation of tax expense and the accounting surplus multiplied by India's domestic tax rate for the year ended 31st March, 2024 is as follows:

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Surplus before tax (including exceptional items) | 1,53,912.86 | 1,12,796.36 |
| Applicable Tax Rate | 25.17% | 25.17% |
| Computed expected Tax Expense | 38,953.45 | 28,591.85 |
| Interest Income on Security Deposits(FV) | (25.43) | (11.51) |
| Increase in Interest on G Sec-EIR | (3.33) | (2.20) |
| Interest income taxable as Income from other source | (8,812.47) | (5,871.05) |
| Set-Off of carry forward Business Loss | (88.69) | (16.40) |
| Prior Year Tax Adjustment | (10.08) | (53.28) |
| Deferred Taxes | 953.40 | 1,659.48 |
| Items of Income and Expenses not considered for Tax purposes | (7,986.60) | (4,294.96) |
| Provision for Straight Lining of Leases reversed | 91.35 | 107.51 |
| Rental Expenses (Security Deposits) | 22.91 | 12.32 |
| CSR Expenses | 497.43 | 334.17 |
| Other Disallowances - Gratuity and Leave Encashment Provisions and others | 518.16 | 490.66 |
| Items of Expense not deductible for Tax purposes | 1,129.85 | 944.66 |
| Excess Depreciation as per Income Tax | (478.27) | (1,152.65) |
| 1/5 th Amortisation of Share Issue Expenses | (12.78) | (12.53) |
| Items of Expense deductible for Tax purposes | (491.05) | (1,165.18) |
| Interest Income | 8,812.47 | 5,871.05 |
| Others | 63.20 | 44.78 |
| Income from other sources | 8,875.67 | 5,915.83 |
| Total | 40,481.32 | 29,992.20 |
| Tax Expense recognised during the year | 40,481.32 | 29,992.20 |

The applicable statutory tax rate for financial year 2023-24 & 2022-23 is 25.17%

Financial Instruments

Financial Instrument by Category

The carrying value and fair value of financial instruments by categories are as follows:

Financial Assets

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Receivables | 13,402.10 | 15,002.37 |
| Cash and Cash Equivalents | 33,481.70 | 24,671.76 |
| Bank balances other than Cash and Cash Equivalents | 1,28,132.94 | 1,50,435.02 |
| Investments | 49,849.62 | 85,390.47 |
| Other Financial Assets | 3,44,237.40 | 1,61,431.07 |
| Total | 5,69,103.76 | 4,36,930.69 |

Financial Liabilities

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-----------------------------------|----------------------|----------------------|
| Measured at Amortised Cost | | |
| Trade Payables | 3,583.92 | 7,143.91 |
| Lease Liabilities | 2,768.07 | 5,306.60 |
| Other Financial Liabilities | 1,52,636.90 | 1,17,174.57 |
| Total | 1,58,988.89 | 1,29,625.08 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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-2024 | As at 31-Mar-2023 |
|------------------------|----------------------|----------------------|
| Government Securities | 49,553.28 | 80,612.00 |
| Total | 49,553.28 | 80,612.00 |

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

Financial Risk Management

Financial Risk Factors

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

Liquidity Risk

Company's principal sources of liquidity are cash and cash equivalents, investments and the cash flow that Company generate from the operations. Company continue to be free from any medium and long term borrowings and maintain sufficient cash to meet its strategic and operational requirements.

Company understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enable us to be agile and ready for meeting unforeseen strategic and operational needs.

Consolidated cash and investments, on both standalone and consolidated basis, include deposits with large commercial banks in India. As a result, liquidity risk of cash and cash equivalents is limited. Liquid assets also include investments in Treasury bills issued by Government of India. Company invests after considering counterparty risks based on multiple criteria including capital adequacy ratio, net-worth, etc.

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Since the Company has exposure to regulated entities, the credit risk is limited. It is mitigated by timely monitoring of receivables. The Company has robust accounts receivable collection mechanism which has ensured near zero level of credit risk since inception. The investment of the Company is in high grade investment categories reducing the credit risk exposure to near minimal. The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|------------------------------|----------------------|----------------------|
| Revenue from Top Customer | 14% | 15% |
| Revenue from Top 5 Customers | 43% | 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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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 customer 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 less-cash 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.

Foreign Currency Risk Exposures

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|------------------------------|----------------------|----------------------|
| Financial Assets | | |
| Trade Receivables | 3.18 | 122.88 |
| Other Financial Assets | 172.42 | 134.06 |
| Advances to Vendors | - | 24.66 |
| Financial Liabilities | | |
| Advances from Customers | - | 9.49 |

2.28 Revenue from Operations

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|------------------------------|---------------------------|---------------------------|
| Income from Payment services | 2,69,342.77 | 1,97,169.76 |
| Certification income | 1,430.25 | 1,479.50 |
| Implementation Services | 2,245.09 | - |
| Network income | 2,622.89 | 2,224.17 |
| Sub license Fees | 208.16 | 245.14 |
| Other operating income* | 11,797.20 | 5,369.54 |
| Total | 2,87,646.36 | 2,06,488.11 |

*includes Compliance Fees, Membership Fees, Hologram Charges, Card Fees, Implementation Services, etc.

2.29 Other Income

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Interest Income on deposits | 23,003.03 | 10,544.98 |
| Interest Income on Govt Securities and Bonds | 3,761.29 | 3,068.31 |
| Income from Treasury Bills | 493.92 | 2,701.50 |
| Interest Income on earmarked fund | | |
| - SGM NFS | 541.50 | 605.35 |
| - SGM IMPS | 2,459.47 | 2,178.19 |
| - SGM AePS | 476.33 | 331.53 |
| - SGM NETC | 22.60 | 17.11 |
| - SGM UPI | 2,691.51 | 1,379.74 |
| - SGM RuPay | 367.51 | 271.10 |
| - SGM NACH | 433.38 | 222.00 |
| - BBPS SGM | 411.87 | 225.59 |
| - BBPS NOCS | 0.91 | - |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.29 Other Income (Contd..)

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest on Income Tax Refund | 7.04 | 1,624.22 |
| Liabilities no longer required - written back | 4,734.94 | 1,177.51 |
| Liquidated damages | 8.98 | 2.66 |
| Gain & Loss on termination of Lease | 415.01 | - |
| Miscellaneous Income | 390.81 | 298.13 |
| Total | 40,220.10 | 24,647.92 |

2.30 Operating Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Annual Maintenance Charges - Network & IT Equipment | 8,068.51 | 6,664.35 |
| Network Expenses | 5,490.96 | 3,632.06 |
| Testing and Certification Charges | 873.06 | 816.42 |
| Data Centre Rentals | 568.05 | 518.72 |
| Data Centre Power and Fuel | 1,997.37 | 1,441.27 |
| Other Operating Expenses | 872.83 | 344.39 |
| Total | 17,870.78 | 13,417.21 |

2.31 Marketing Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---------------------------------|---------------------------|---------------------------|
| Marketing & Branding Expenses* | 41,411.98 | 31,786.66 |
| Product Incentives and CashBack | 36,771.56 | 12,753.79 |
| Total | 78,183.54 | 44,540.45 |

*Marketing Expenses includes Upfront Incentives paid to banks for RuPay cards and various cash back campaigns to promote digital transactions. Further, it also includes RuPay media, advertisement and publicity campaigns, B2B and sponsorships.

2.32 Employee Benefits Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------------------------|---------------------------|---------------------------|
| Salary and Allowances | 25,902.40 | 20,099.30 |
| Contribution to Employee Benefits | 1,437.92 | 1,077.35 |
| Gratuity and Leave Encashment | 552.01 | 392.25 |
| Outsourcing Cost | 3,018.29 | 1,471.17 |
| Staff Welfare | 1,455.00 | 1,133.06 |
| Total | 32,365.62 | 24,173.13 |

Gratuity and Leave Encashment

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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

Gratuity Plan

(Amount ₹ in Lakh)

| Reconciliation of Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Opening Balance Sheet (Asset) / Liability | 318.96 | 385.94 |
| Total Expense / (Income) Recognised in Income & Expenditure | 297.08 | 263.39 |
| Actual Employer Contributions | (313.81) | (333.09) |
| Total Remeasurements Recognised in Other Comprehensive (Income) / Loss | 154.24 | 2.72 |
| Closing Balance Sheet (Asset) / Liability | 456.47 | 318.96 |

(Amount ₹ in Lakh)

| Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Defined Benefit Obligation (DBO) | 1,593.22 | 1,304.30 |
| Fair Value of Plan Assets | 1,136.75 | 985.33 |
| Funded Status - (Surplus) / Deficit | 456.47 | 318.96 |
| Liability / (Asset) recognised in the Balance Sheet | 456.47 | 318.96 |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Current Service Cost | 282.05 | 243.73 |
| Interest Cost | 85.49 | 70.57 |
| Expected Return on Plan Asset | (70.45) | (50.91) |
| Total Expense / (Income) charged to Income and Expenditure Account | 297.09 | 263.39 |

(Amount ₹ in Lakh)

| Amount recognised in other comprehensive income | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Amount recognised in OCI at the beginning of year | 233.70 | 230.98 |
| Re-measurements due to : | - | - |
| Effect of Change in Financial Assumption | 16.19 | (39.46) |
| Effect of Change in Demographic Assumption | - | - |
| Effect of Experience Adjustments | 113.59 | 45.88 |
| Actuarial (Gain) / Losses | 129.78 | 6.42 |
| Return on Plan Assets (excluding interest) | (24.47) | 3.70 |
| Total Re-measurements recognised in OCI | 154.25 | 2.72 |
| Amount recognised in OCI at the end of the year | 387.95 | 233.70 |

(Amount ₹ in Lakh)

| Actual Return on Plan Assets | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest Income Plan Asset | 70.46 | 50.91 |
| Actuarial Gains / (Losses) on Plan Assets | (24.47) | 3.70 |
| Actual Return on Plan Assets | 45.99 | 54.61 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Defined Benefit Obligation (DBO) at the beginning of the year | 1,304.29 | 1,163.27 |
| Current Service Cost | 282.05 | 243.73 |
| Interest Cost | 85.49 | 70.57 |
| Actuarial (Gain) / Loss on Obligation | 129.78 | 6.42 |
| Actual Benefits Paid | (208.38) | (179.70) |
| Present Value of Obligation at the end of the year | 1,593.23 | 1,304.29 |

(Amount ₹ in Lakh)

| Change in Fair Value of Plan Assets during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Fair Value of Plan Assets at the beginning of the year | 985.33 | 777.32 |
| Interest Income Plan Asset | 70.45 | 50.92 |
| Actual Enterprise's Contributions | 313.81 | 333.09 |
| Actual Benefits Paid | (208.38) | (179.70) |
| Actuarial Gain / (Loss) on Plan Assets | (24.47) | 3.70 |
| Fair value of Plan Assets at the end of the year | 1,136.74 | 985.33 |

(Amount ₹ in Lakh)

| Current / Non-Current Benefit Obligation | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Current Liability | - | - |
| Non-Current Liability | 456.47 | 318.96 |
| Liability / (Asset) Recognised in the Balance Sheet | 456.47 | 318.96 |

(Amount ₹ in Lakh)

| Other Items | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Expected Contributions for the next financial year | 210.27 | 217.35 |
| Decrement adjusted estimated tenure of Actuarial liability (years) | 6.43 | 6.44 |

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

(Amount ₹ in Lakh)

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 1,593.22 | 1,304.30 | 1,163.27 | 1,151.98 | 783.37 |
| Plan Assets | 1,136.75 | 985.33 | 777.32 | 734.89 | 604.67 |
| (Surplus) / Deficit | 456.48 | 318.97 | 385.95 | 417.09 | 178.70 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (24.47) | 3.70 | (3.08) | 3.47 | 0.32 |
| Assumptions (Gain) / Loss | 16.19 | (39.46) | (24.17) | 101.79 | 37.87 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | 113.59 | 45.88 | (72.32) | 49.92 | 31.79 |
| Total Actuarial (Gain) / Loss | 129.78 | 6.42 | (96.49) | 151.72 | 69.66 |

| Category of Assets | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Other (including assets under Schemes of Ins.) | 100% | 100% |
| Total | 100% | 100% |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Recognition of Actuarial Gain / Loss | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Actuarial (Gain) / Loss arising on DBO | 129.78 | 6.76 |
| Actuarial (Gain) / Loss arising on Plan Assets | 24.47 | (3.70) |
| Total (Gain) / Loss recognised during the period | 154.25 | 3.06 |

Sensitivity Analysis

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------------------------|---------------------------|---------------------------|
| Defined Benefit Obligation (Base) | 1593.22 | 1,304.30 |

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | | 31-Mar-2023 | |
|--|-------------|----------|-------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (per annum) | 1,635.10 | 1,553.35 | 1,337.01 | 1,273.12 |
| Impact of increase / decrease in 50 bps on DBO | 2.71% | -2.58% | 2.58% | -2.45% |
| Salary Growth rate (per annum) | 1,568.26 | 1,619.61 | 1,284.16 | 1,324.18 |
| Impact of increase / decrease in 50 bps on DBO | -1.44% | 0.40% | -1.71% | 1.62% |

Expected Cash Flow

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|--------------|-------------|-------------|
| Year 1 | 210.27 | 217.34 |
| Year 2 | 224.86 | 171.11 |
| Year 3 | 209.34 | 178.47 |
| Year 4 | 221.23 | 164.74 |
| Year 5 | 199.75 | 169.19 |
| Year 6 to 10 | 711.03 | 566.98 |

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|------------------------------|-------------|-------------|
| Actuarial assumptions | | |
| Discount Rate | 6.95% | 7.15% |
| Salary Escalation Rate | 8.00% | 8.00% |
| Expected Return on Assets | 6.95% | 7.15% |
| Withdrawal Rate | 15.00% | 15.00% |
| Retirement Age | 60 years | 60 years |

Leave Encashment Plan

(Amount ₹ in Lakh)

| Reconciliation of Amounts in Balance Sheet | As at 31-Mar-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| Opening Balance Sheet (Asset) / Liability | 413.38 | 384.20 |
| Total Expense / (Income) Recognised in Income & Expenditure | 145.29 | 114.38 |
| Actual Employer Contributions | (80.92) | (85.20) |
| Closing Balance Sheet (Asset) / Liability | 477.75 | 413.38 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Amounts in Balance Sheet | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Defined Benefit Obligation (DBO) | 888.32 | 800.44 |
| Fair value of Plan Assets | 410.58 | 387.06 |
| Funded Status - (Surplus) / Deficit | 477.75 | 413.38 |
| Net Liability / (Asset) recognised in the Balance Sheet | 477.75 | 413.38 |

(Amount ₹ in Lakh)

| Amount recognised in the Statement of Income and Expenditure Account | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Current Service Cost | 199.72 | 167.33 |
| Interest Cost | 54.40 | 46.42 |
| Expected Return on Plan Asset | (27.74) | (21.58) |
| Net Actuarial Losses / (Gains) | (81.11) | (77.80) |
| Total Expense / (Income) charged to Income and Expenditure Account | 145.27 | 114.37 |

(Amount ₹ in Lakh)

| Actual Return on Plan Assets | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Expected Return on Plan Assets | 27.74 | 21.58 |
| Actuarial Gains / (Losses) on Plan Assets | (6.03) | 0.24 |
| Actual Return on Plan Assets | 21.71 | 21.82 |

(Amount ₹ in Lakh)

| Change in Present Value of Obligation during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Defined Benefit Obligation at the beginning of year | 800.44 | 753.35 |
| Current Service Cost | 199.72 | 167.33 |
| Interest Cost | 54.40 | 46.43 |
| Actuarial (Gain) / Loss on Obligation | (87.13) | (77.56) |
| Actual Benefits Paid | (79.12) | (89.11) |
| Defined Benefit Obligation at the end of the year | 888.31 | 800.44 |

(Amount ₹ in Lakh)

| Change in Fair value of Plan Assets during the year | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Fair Value of Plan Assets at the beginning of the year | 387.06 | 369.15 |
| Expected Return on Plan Assets | 27.74 | 21.58 |
| Actual Enterprise's Contributions | 80.92 | 85.20 |
| Actual Benefits Paid | (79.12) | (89.11) |
| Actuarial Gain / (Loss) on Plan Assets | (6.03) | 0.24 |
| Fair Value of Plan Assets at the end of the year | 410.57 | 387.06 |

(Amount ₹ in Lakh)

| Current / Non-Current Benefit Obligation | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Current Liability | - | - |
| Non-Current Liability | 477.75 | 413.38 |
| Liability / (Asset) Recognised in the Balance Sheet | 477.75 | 413.38 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Other Items | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Expected Contributions for the next financial year | 152.09 | 140.32 |
| Decrement adjusted estimated tenure of Actuarial Liability (years) | 6.43 | 6.44 |

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

(Amount ₹ in Lakh)

| Particulars | 31-Mar-24 | 31-Mar-23 | 31-Mar-22 | 31-Mar-21 | 31-Mar-20 |
|---|-----------|-----------|-----------|-----------|-----------|
| DBO | 888.33 | 800.44 | 753.35 | 854.96 | 652.17 |
| Plan Assets | 410.58 | 387.06 | 369.15 | 480.14 | 202.77 |
| (Surplus)/Deficit | 477.73 | 413.38 | 384.20 | 374.82 | 449.40 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (6.03) | 0.24 | 5.47 | 65.70 | 13.37 |
| Assumptions (Gain) / Loss | 8.32 | (23.68) | (16.65) | 89.72 | 30.88 |
| Exp Adj. - Plan Liabilities (Gain) / Loss | (95.44) | (53.87) | (193.11) | (15.94) | 60.09 |
| Total Actuarial (Gain) / Loss | (87.12) | (77.56) | (209.77) | 73.78 | 90.97 |

(Amount ₹ in Lakh)

| Category of Assets | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Other (including assets under Schemes of Ins.) | 100% | 100% |
| Total | 100% | 100% |

(Amount ₹ in Lakh)

| Recognition of Actuarial Gain / Loss | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Actuarial (Gain) / Loss arising on DBO | (87.13) | (77.56) |
| Actuarial (Gain) / Loss arising on Plan Assets | (6.03) | 0.24 |
| Total (Gain) / Loss recognised during the period | (93.16) | (77.32) |

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------------------------|---------------------------|---------------------------|
| Defined Benefit Obligation (Base) | 888.32 | 800.44 |

Sensitivity Analysis

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | | 31-Mar-2023 | |
|--|-------------|----------|-------------|----------|
| | Decrease | Increase | Decrease | Increase |
| Discount rate (per annum) | 909.82 | 867.83 | 820.07 | 781.73 |
| Impact of increase / decrease in 50 bps on DBO | 2.42% | -2.31% | 2.42% | -2.31% |
| Salary Growth rate (per annum) | 867.92 | 909.50 | 781.79 | 819.82 |
| Impact of increase / decrease in 50 bps on DBO | -2.30% | 2.38% | -2.30% | 2.39% |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Expected Cash Flow

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|--------------|-------------|-------------|
| Year 1 | 142.56 | 141.42 |
| Year 2 | 133.93 | 125.46 |
| Year 3 | 115.19 | 118.61 |
| Year 4 | 110.91 | 103.29 |
| Year 5 | 89.36 | 100.20 |
| Year 6 to 10 | 328.70 | 328.62 |

(Amount ₹ in Lakh)

| Particulars | 31-Mar-2024 | 31-Mar-2023 |
|-----------------------------------|-------------|-------------|
| Actuarial Assumptions | | |
| Discount Rate | 6.95% | 7.15% |
| Salary Escalation Rate | 8.00% | 8.00% |
| Expected Rate of Return on Assets | 6.95% | 7.15% |
| Withdrawal Rate | 15.00% | 15.00% |
| Retirement Age | 60 years | 60 years |

2.33 Depreciation and Amortisation Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Depreciation on Property, Plant and Equipment | 16,470.08 | 9,991.49 |
| Amortisation of Intangible assets | 5,020.05 | 5,634.12 |
| Amortisation of Right of Use assets | 1,364.51 | 1,517.58 |
| Total | 22,854.64 | 17,143.19 |

2.34 CSR Expenditure

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-----------------|---------------------------|---------------------------|
| CSR expenditure | 1,973.44 | 1,326.77 |
| Total | 1,973.44 | 1,326.77 |

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

(Amount ₹ in Lakh)

| Particulars | Amount paid | Amount yet to be paid | Total |
|--|-------------|-----------------------|----------|
| i) Construction / Acquisition of any asset | - | - | - |
| ii) On Purpose Other than (i) above | 1,973.44 | (4.02) | 1,969.42 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(Amount ₹ in Lakh)

| Amount Spent during the year : | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|--|--|
| i) Amount required to be spent by the company during the year | 1,969.42 | 1,499.28 |
| ii) Amount of expenditure incurred | 1,973.44 | 1,326.77 |
| iii) Shortfall / (Excess) at the end of the year | (4.02) | 172.51 |
| iv) Total of previous years shortfall / (excess) | - | - |
| v) Reason for shortfall / (excess) | * | ** |
| vi) Nature of CSR activities*** | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance 4. Education and livelihood initiative 5. School Transformation Project 6. Skill Development Project | 1. Education and Livelihood 2. Environmental Sustainability 3. Humanitarian Assistance |
| vii) Details of Related Party Transactions | | |
| viii) Details related to movement of Provision | - | - |

*We gave donation to Sri Shanmukhananda Fine Arts & Sangeetha Sabha after finalization of Annual Action Plan for FY 2023-24, therefore, there is minor excess in overall expenditure. However, the approval for donation was taken from CSR committee. Unspent amount of ₹ 319/- was transferred to Schedule VII fund of National Mission for Clean Ganga as approved by the NBBL Board.

**Delay in implementation of work plan as submitted by NGO partners is one of the main reason for shortfall. Delay happens due to various external and internal factors and being long term project sometimes, it's favourable to delay the planned activity and build the required environment in community first for sustainability of the project. The unspent amount has been transferred to Unspent CSR account as per the MCA FAQ guidelines.

*** 1. Skill development and livelihood project for skilling of 35 youth was implemented by Orion Educational Society as per approval from NIPL Board.

2. School Transformation Project-1 School in Gadchiroli district of Maharashtra in Partnership with Learning Link Foundation as approved by the NBBL Board.

3. Skill Development and Livelihood Project for vocational training of 270 unemployed women at Kanker district of Chhattisgarh as approved by the NBBL Board.

2.35 Administrative and Other Expenses

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--------------------------------------|---------------------------|---------------------------|
| Rent, Rates and Taxes | 710.22 | 328.74 |
| Travelling and Conveyance Expenses | 1,352.96 | 1,124.44 |
| Computer Consumables | 102.05 | 159.57 |
| Power and Fuel | 114.00 | 274.38 |
| Telephone and Communication Expenses | 141.98 | 114.90 |
| General Office Expenses | 974.59 | 799.75 |
| Sitting Fees to Directors | 91.00 | 66.50 |
| Insurance | 457.08 | 511.08 |
| Repair and Maintenance Charges | 127.31 | 151.22 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.35 Administrative and Other Expenses (Contd..)

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Internal Audit Fees | 94.61 | 71.68 |
| Postage, Printing and Stationery | 193.25 | 75.46 |
| Professional Fees | 8,202.17 | 6,122.04 |
| Legal Fees | 86.31 | 81.33 |
| Contribution to Payment Infrastructure Development Fund-RBI | 2,279.27 | 2,284.97 |
| Paper to Follow - CTS Charges | 194.02 | 408.29 |
| Training and Seminar | 1,299.40 | 1,763.76 |
| Membership and Subscription Fees | 926.00 | 117.89 |
| Line of Credit and Other SGM Expenses | 2,365.66 | 2,138.69 |
| Recruitment Expenses | 403.86 | 403.16 |
| Foreign Exchange (gain) / loss | 16.93 | 20.37 |
| (Gain) / Loss on sale or disposal of assets | 5.63 | 0.08 |
| Payment to the Statutory Auditors* | 21.65 | 18.87 |
| Tax Audit fees | 4.50 | 2.55 |
| Interest Charge (Ind AS Lease) | 362.95 | 427.15 |
| Allowance for Credit Losses | 20.09 | 32.14 |
| Interest on MSME | 5.21 | 29.61 |
| Miscellaneous Expenses | 152.88 | 210.30 |
| Total | 20,705.58 | 17,738.92 |

* Payment to the Statutory Auditors

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-------------------------------|---------------------------|---------------------------|
| Statutory Audit Fees | 13.55 | 12.80 |
| Audit Fees for Limited Review | 6.10 | 5.40 |
| Other Certification Charges | 1.36 | 0.30 |
| Out of Pocket Expenses (OPE) | 0.64 | 0.37 |
| Total | 21.65 | 18.87 |

2.36 Earnings per Share (EPS)

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Net Surplus as per statement of Income and Expenditure | 1,13,431.54 | 82,804.16 |
| Weighted Average Number of Equity Shares | 1,40,36,692 | 1,40,36,692 |
| EPS : | | |
| (i) Basic EPS (Face value ₹ 100 per Equity Share) | 808.11 | 589.91 |
| (ii) Diluted EPS (Face value ₹ 100 per Equity Share) | 808.11 | 589.91 |

2.37 Lease disclosure

The Company has recognised Interest on Lease Liability and Amortisation of Right of Use Asset as per Ind AS 116 'Leases' in the statement of Income and Expenditure as under:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Interest on Lease Liability | 362.95 | 427.15 |
| Amortisation of Lease Liability | 1,364.51 | 1,517.58 |
| The total outstanding cash outflow for lease as per the agreement | 3,004.76 | 6,237.31 |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.37 Lease disclosure (Contd..)

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.

i) The net carrying amount of Right of Use Asset:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Balance at the beginning of the year | 4,536.13 | 4,513.58 |
| Add: Addition during the year | 539.10 | 1,540.13 |
| Less: Deletion / Amortisation during the year | (2,773.68) | (1,517.58) |
| Balance at the end of the year | 2,301.55 | 4,536.13 |

ii) Reconciliation between the total minimum lease payment and their present value is as below:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Lease Liability as at balance sheet date | 2,768.07 | 5,306.60 |
| Add: Interest | 236.69 | 930.71 |
| Minimum lease payment | 3,004.76 | 6,237.31 |

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

(Amount ₹ in Lakh)

| Particulars | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| Not Later than 1 year | 1,456.02 | 1,562.11 |
| Later than 1 year but not more than 5 year | 1,548.75 | 4,098.74 |
| More than 5 year | - | 576.46 |
| Total | 3,004.77 | 6,237.31 |

2.38 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 Accountants of India.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.39 Related Party Disclosures

Name of Key Managerial Personnel (KMP) / Related parties:

| Key Managerial Personnel- Directors | Title | Date of appointment | Date of Retirement/ Cessation |
|-------------------------------------|--|---------------------|-------------------------------|
| Mr. Biswamohan Mahapatra | Chairman (Non-Executive & Independent Director) | 08-Feb-2018 | 07-Feb-2024 |
| Mr. Ajay Kumar Choudhary | Chairman (Non-Executive & Independent Director) | 08-Feb-2024 | - |
| Mr. Shailendra Trivedi | RBI Nominee | 29-Sep-2022 | - |
| Mr. Dilip Asbe | Managing Director & CEO | 08-Jan-2018 | - |
| Dr. Amitha Sehgal | Independent Director | 26-Dec-2018 | 25-Dec-2023 |
| Mr. Venkatraman Srinivasan | Independent Director | 15-Jul-2020 | 08-Mar-2024 |
| Prof. Rishikesh T. Krishnan | Independent Director | 09-Nov-2021 | - |
| Dr. D. Manjunath | Independent Director | 19-Apr-2023 | - |
| Ms. Padmini Khare Kaicker | Independent Director | 10-Jan-2024 | - |
| Mr. Rana Ashutosh Kumar Singh | Nominee Director from State Bank of India | 12-Aug-2021 | - |
| Mr. Nitesh Ranjan | Nominee Director from Union Bank of India | 20-Nov-2020 | - |
| Mr. Ajay K Khurana | Nominee Director from Bank of Baroda | 01-Mar-2021 | - |
| Mr. Hemant Verma | Nominee Director from Punjab National bank | 17-Jan-2022 | - |
| Mr. Parag Rao | Nominee Director from HDFC Bank | 11-May-2023 | - |
| Mr. Bijith Bhaskar | Nominee Director from ICICI Bank | 02-Sep-2022 | - |
| Mr. Siddharth Rungta | Nominee Director from HSBC | 12-Oct-2022 | - |
| Mr. Sumit Bali | Nominee Director from Axis Bank | 15-Dec-2021 | - |
| Mr. Imran Amin Siddiqui | Nominee Director from Indian Bank | 27-Apr-2021 | 09-Mar-2024 |
| Ms. Arti Ajit Patil | Nominee Director from Saraswat Co-operative Bank Limited | 10-Nov-2022 | 08-Sep-2023 |
| Ms. Vishakha Mulye | Independent NonDirector | 01-Dec-2022 | - |
| Mr.Parag Rao | Non-independent Non-Executive (NBBL) | 02-Jun-2023 | - |
| Ms. Drushti Desai | Independent Director | 11-Jan-2024 | - |
| Ms. Praveena Rai | Non-independent Non-Executive | 27-Jan-2022 | - |

| Key Managerial Personnel of the Company | Designation | Date of appointment | Date of Retirement/ Cessation |
|---|--------------------------------|---------------------|-------------------------------|
| Mr. Dilip Asbe | Managing Director & CEO (NPCI) | 08-Jan-2018 | - |
| Mr. Ritesh Shukla | Chief Executive Officer (NIPL) | 01-Oct-2020 | - |
| Ms. Noopur Chaturvedi | Chief Executive Officer (NBBL) | 06-Aug-2021 | - |
| Mr. Rupesh H. Acharya | Chief Financial Officer (NPCI) | 19-Mar-2020 | - |
| Mr. Ashish Pai | Chief Financial Officer (NBBL) | 08-Mar-2021 | 18-Aug-2023 |
| Mr. Pavan Kumar Holani | Chief Financial Officer (NBBL) | 21-Aug-2023 | - |
| Ms. Priyanka Agrawal | Company Secretary (NPCI) | 14-May-2018 | - |
| Mr. Pravin Jogani | Company Secretary (NIPL) | 01-Oct-2020 | 08-Apr-2024 |
| Ms. Supreetha Shetty | Company Secretary (NBBL) | 01-Dec-2021 | - |

| Name of Related Parties | Nature of Relationship |
|---|-----------------------------|
| Bank of Baroda | Entity with common director |
| India Infoline Finance Limited | Entity with common director |
| Union Bank of India | Entity with common director |
| Indian Financial Technology and Allied Services | Entity with common director |
| CSB Bank Ltd. (Related party from 20-Jun-2023 to 07-Aug-2023) | Entity with common director |
| Indian Highways Management Company Limited (Related party from 27-Sep-2023) | Entity with common director |
| Indian Bank (Ceased to be related party from 09-Mar-2024) | Entity with common director |
| The Saraswat Co-operative Bank Ltd. (Ceased to be related party from 08-Sep-2023) | Entity with common director |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Transactions with Related Parties

The details of Related Party Transactions entered into by the Company are as below:

(Amount ₹ in Lakh)

| Name of Related Parties | Nature of Transactions | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|----------------------------|---------------------------|---------------------------|
| Bank of Baroda | Rendering of services | 14,357.01 | 10,144.98 |
| | Receiving of services | 165.05 | 178.43 |
| | Purchase of Investments | 9,500.00 | 57,446.00 |
| | Redemption of Investments | 37,172.00 | 31,911.00 |
| | Interest Earned | 3,331.86 | 2,023.31 |
| | SGM contribution received | 1,337.90 | 1,055.29 |
| Canara Bank | SGM contribution refunded | 533.10 | 461.21 |
| | Rendering of services | - | 1,404.81 |
| | SGM contribution received | - | 261.74 |
| | SGM contribution refunded | - | 428.43 |
| | Purchase of Investmentss | - | 58,912.00 |
| | Redemption of Investmentss | - | 56,831.00 |
| Central Depository Service (India) Limited | Interest earned | - | 822.83 |
| | Receiving of services | - | 0.75 |
| India Infoline Finance Limited | Rendering of services | - | 1.50 |
| Indian Bank | Rendering of services | 5,731.73 | 6,016.50 |
| | Receiving of services | 569.70 | 756.04 |
| | SGM contribution received | 335.25 | 586.63 |
| | SGM contribution refunded | 252.00 | 33.61 |
| | Purchase of Investments | 29,410.00 | 21,362.00 |
| | Redemption of Investments | 26,815.00 | 34,986.00 |
| Indian Financial Technology and Allied Services | Interest Earned | 1,169.38 | 1,134.02 |
| | Receiving of services | 12.00 | 6.00 |
| Kerala Gramin Bank | Rendering of services | - | 71.35 |
| | SGM contribution received | - | 11.99 |
| | SGM contribution refunded | - | 1.71 |
| The Saraswat Co-operative Bank Ltd. | Rendering of services | 156.59 | 290.24 |
| | SGM contribution received | 8.58 | - |
| | SGM contribution refunded | 6.00 | - |
| Union Bank of India | Receiving of services | 590.07 | 840.21 |
| | Rendering of services | 13,175.92 | 9,696.23 |
| | SGM contribution received | 1,379.21 | 540.92 |
| | SGM contribution refunded | 135.52 | 579.29 |
| | Purchase of Investments | 94,001.00 | 1,04,424.01 |
| | Redemption of Investments | 50,959.00 | 57,308.00 |
| CSB Bank Ltd. | Interest Earned | 7,725.07 | 1,888.33 |
| | Rendering of services | 18.25 | - |
| India Infoline Finance Limited | Rendering of services | 1.50 | - |
| Indian Highways Management Company Limited | Rendering of services | 5,069.06 | - |

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

Details of Amounts Due to or Due from Related Parties as at 31st March, 2024

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | As at 31-Mar-2024 | As at 31-Mar-2023 |
|-------------------------------------|--------------------|----------------------|----------------------|
| Bank of Baroda | SGM Contribution | 3,858.50 | 3,053.71 |
| | Trade Payables | | 13.02 |
| Indian Bank | SGM Contribution | - | 1,928.01 |
| | Trade Payables | - | 70.74 |
| The Saraswat Co-operative Bank Ltd. | SGM Contribution | - | 125.69 |
| Union Bank of India | SGM Contribution | 3,599.07 | 2,355.58 |
| Total | | 7,457.57 | 7,546.74 |

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

| Name of Related Party | Nature of Balances | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|--------------------|----------------------|----------------------|
| Bank of Baroda | Investment | 26,550.00 | 54,222.00 |
| | accrued Interest | - | 570.19 |
| | Trade receivable | 391.03 | 715.87 |
| Indian Highways Management Company Limited | Trade receivable | 31.35 | - |
| Indian Bank | Investment | - | 15,300.00 |
| | accrued Interest | - | 111.97 |
| | Trade receivable | - | 1,109.15 |
| The Saraswat Co-operative Bank Ltd. | Trade receivable | - | 52.82 |
| Union Bank of India | Investment | 1,12,676.01 | 69,634.01 |
| | accrued Interest | - | 721.58 |
| | Advance Paid | 106.68 | |
| | Trade receivable | 88.62 | 642.74 |
| Total | | 1,39,843.69 | 1,43,080.33 |

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|---|---------------------------|---------------------------|
| Sitting Fees | 91.00 | 66.50 |
| Honorarium Fees | 0.70 | 4.20 |
| Advance for Security Deposit paid/(repayment) | (3.50) | (3.50) |
| Total | 88.20 | 67.20 |

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|------------------------------|---------------------------|---------------------------|
| Short Term Employee Benefits | 901.29 | 811.48 |
| Post-Employment Benefits* | - | - |
| Other Long Term Benefits | - | - |
| Total | 901.29 | 811.48 |

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

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.40 Contingent Liabilities and Capital Commitments

(Amount ₹ in Lakh)

| Contingent Liabilities and Capital Commitments (to the extent not provided for) | As at 31-Mar-2024 | As at 31-Mar-2023 |
|--|----------------------|----------------------|
| (i) Capital Commitments | | |
| (a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 25,444.14 | 11,362.06 |
| Sub Total | 25,444.14 | 11,362.06 |
| (ii) Contingent Liabilities on Account of Income Tax Demand | | |
| Income Tax Demand for AY 2011-2012 | 205.51 | 183.27 |
| Income Tax Demand for AY 2013-2014 | 399.46 | 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 2017-2018 | 119.97 | 114.45 |
| Income Tax Demand for AY 2018-2019 | 1,797.61 | 1,523.12 |
| Income Tax Demand for AY 2019-2020 | 4,362.29 | 3,622.93 |
| Sub Total | 8,656.83 | 7,793.97 |
| (iii) Contingent Liabilities – Other Matters | | |
| Sub Total | 2,598.52 | 2,628.52 |
| Total | 36,699.49 | 21,784.55 |

(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 demands arising due to Assessment orders passed u/s 143 (3) of Income Tax Act, 1961 where 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 without prejudice applied section 13(1)(c)(ii) of the Income Tax Act, 1961 on the grounds that the Income has directly or indirectly been applied for the benefit of the related parties in terms of section 13 (3) of the Income Tax Act, 1961. However, the Hon'ble Income Tax Appellate Tribunal, Mumbai in AY 2010-11 and 2012-13 has passed orders in favour of the company, allowing the claim of exemption u/s. 11 and 12 of the Income Tax Act, 1961 and stating that the provisions of section 13(1)(c)(ii) of the Income Tax Act, 1961 are not applicable. For AY 2011-12, AY 2013-14 and AY 2014-15, the Company has filed appeals against the order to Commissioner of Income Tax (Appeals), Mumbai (CIT(A)) which is pending. For AYs 2015-16 to 2019-20, the Company had filed appeals against the assessment orders to CIT(A). The CIT (A) decided appeals against the Assessee without giving reasonable opportunity. Against the CIT (A) orders, the company filed appeals before ITAT, who has restored back the same to CIT (A) for fresh adjudication and submissions vide order dated 8th February 2023. In view of this, Management is of the opinion that the outcome of these appeals will be in favour of the company and accordingly has not provided for additional demand raised by Income tax authorities during assessment / penalty proceedings although it is providing for Income tax and paid the taxes on a conservative basis. The tentative Interest amount computed on the Income Tax Orders passed till 31st March 2024 is shown as Contingent liability. The Contingent liability is difference between the tax liability determined by the revenue authority against provision in the books of accounts.

(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 customer. 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. (No litigation is pending with the legal team in regard to this Bank of Maharashtra fraud case. Hence, legal team has nothing to report in this regard.)

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

(iii) (a) 2. Contingent liabilities – other matters

M/s Unwani Subhkaran 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/- as per the transaction details sent by Punjab National Bank to IMPS for routing to the beneficiary bank. The estimated total claim is for ₹ 1,51,820/- on account of principal, interest, legal expenses and mental harassment.

(iii) (a) 3. Contingent liabilities – other matters

₹ 30 lakh pertains to claim on account of settlement related issue with certain Operating Units(OU) on account of incorrect processing due to certain reasons but not acknowledged by the Company as debt.

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

Apart from the above case, there are a total of 79 litigation cases involving the company out of which 66 cases are consumer litigations filed by complainants in relation to transactions involving NPCI products like BHIM, UPI, NETC, etc. and the remaining 13 cases are other civil matters where NPCI has been impleaded as a party. In our view, in all these litigation 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.

2.41 Value of Import of Services

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Software License / Consultancy Charges | 147.91 | 24.37 |
| CWIP - Building And Premises | 26.86 | 371.91 |
| Total | 174.77 | 396.28 |

Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|--|---------------------------|---------------------------|
| Annual Maintenance Charges - Network & IT Equipment* | 41.24 | 92.55 |
| Professional Fees* | 72.02 | 95.14 |
| Membership and Subscription Fees* | 358.69 | 12.98 |
| Training and Seminar* | 585.77 | 211.71 |
| Marketing Expenses | 183.98 | 72.01 |
| Recruitment Expenses* | 39.07 | 7.61 |
| Testing and Certification Charges | - | 4.29 |
| Miscellaneous Expenses | - | 8.78 |
| Total | 1,280.76 | 505.07 |

*Includes amounts in Prepaid Expenses

Income in Foreign Currency

(Amount ₹ in Lakh)

| Particulars | Year ended 31-Mar-2024 | Year ended 31-Mar-2023 |
|-------------------------|---------------------------|---------------------------|
| Implementation Services | 2,245.10 | - |
| Sub License Fees | 208.16 | 245.14 |
| Other Operating Income | 213.79 | 467.97 |
| Total | 2,667.05 | 713.11 |

Accounting for Foreign Currency Transactions:

Expenditure in foreign currencies are recorded in INR 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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.42 Details of Due 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-2024 | As at 31-Mar-2023 |
|---|----------------------|----------------------|
| a. (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year | 3.01 | 466.86 |
| (ii) Interest due on above | - | - |
| b. Amount of Interest paid by the buyer in terms of Section 16 of the Act, along with amount of payment made beyond the appointed date during the year. | - | - |
| c. 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. | 5.03 | 29.61 |
| d. Amount of interest accrued and remaining unpaid at the end of the financial year. | 37.74 | 32.71 |
| 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. | 32.71 | 3.10 |

2.43 Provision for Tax

The Company was incorporated as a 'Not for Profit Company' under the provisions of Section 8 of The Companies Act, 2013 (earlier Section 25 of The Companies Act, 1956) and was granted registration under 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 ₹ 39,538.00 lakh has been provided for the year ended 31st March, 2023, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax expense of ₹ 870.40 lakh as per the applicable Accounting Standards.

2.44 Other Statutory Compliances

- The Group has neither traded or nor invested in crypto currency or virtual currency during the current financial year or previous financial year.
- The Group 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.
- 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.
- The Group is not declared as wilful defaulter by any bank or financial Institution or other lender during the current financial year or previous financial year.
- Loans and Advances
 - The Group 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.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

- 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 group 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 Group has used the borrowings from banks for the specific purpose for which it was taken at the balance sheet date.
 - The Group 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 Group 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.
- h. 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)

2.45 Relationship with Struck Off Companies

(Amount ₹ in Lakh)

| Name of Struck Off Company | Nature of transactions with Struck Off Company | Balance outstanding as on 31-Mar-2024 | Relationship with the Struck Off Company, if any |
|----------------------------------|---|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities Receivables Payables Shares held by struck off company Other outstanding balances (to be specified) | - - - - - | Customer |

* The company does not have any outstanding balance with the struck-off company. However, value of transactions during the year was ₹ 2.28 lakh.

(Amount ₹ in Lakh)

| Name of Struck Off Company | Nature of transactions with Struck Off Company | Balance outstanding as on 31-Mar-2023 | Relationship with the Struck off company, if any |
|----------------------------------|---|---------------------------------------|--|
| G I Technology Private Limited * | Investments in securities Receivables Payables Shares held by struck off company Other outstanding balances (to be specified) | - - - - - | Customer |

* The company does not have any outstanding balance with the struck-off company. However, value of transactions during the year was ₹ 2.30 lakh.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

2.46 Key Financial Ratios

| Ratios | Formula | 31-Mar-2024 | 31-Mar-2023 | % Variance |
|----------------------------------|--|-------------|-------------|------------|
| Current Ratio | Current Assets Current Liabilities | 4.44 | 4.29 | 3% |
| Debt-Equity Ratio | Not applicable as there is no Debt in the company | N.A. | N.A. | N.A. |
| Debt Service Coverage Ratio | Not applicable as there is no Debt in the company | N.A. | N.A. | N.A. |
| Return on Equity Ratio | Net profit after taxes Average Shareholder's Equity | 26.52% | 24.90% | 6.53% |
| Inventory Turnover Ratio | Not applicable considering the nature of business of the company | N.A. | N.A. | N.A. |
| Trade Receivables Turnover Ratio | Revenue from operations Average trade receivables | 21.91 | 18.93 | 15.73% |
| Trade Payables Turnover Ratio | Operating expenses Average Trade Payables | 21.78 | 8.83 | 146.71% |
| Net Capital Turnover Ratio | Revenue from operations Working Capital | 0.87 | 0.86 | 1.51% |
| Net Profit Ratio | Net Profit Revenue from operations | 39.43% | 40.10% | -1.66% |
| Return on Capital Employed | Earnings before Interest and Tax Capital Employed | 31.97% | 30.37% | 5.29% |
| Return on Investment | Net return on Investment Value of Investment | 6.93% | 5.35% | 29.64% |

Trade payables turnover ratio:

The Trade payables turnover ratio has increased due to increase in operating expenses by 0.54 times as well as decrease in average trade payables by 0.37 times.

Return on investment:

The Return on Investment has increased due to increase in Net Return on Investment by 0.61 times as well as increase in Value of Investment by 0.13 times.

2.47 Other Notes

- Trade receivables, Trade payables, Loans and Advances are stated at the value, if realised in ordinary course of business.
- There are no material prior period errors which can impact the financial position of the company as per Ind AS 8.
- During the financial year 2023-24, All the Ind AS ammendment rules / notifications issued by MCA are applied by the company.
- Previous year's figures have been regrouped, reclassified and rearranged to correspond with the current year figures / presentation wherever necessary.
- Numbers are rounded off to the nearest lakh.

Notes to Consolidated Financial Statements

for the year ended 31st March 2024

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

| Name of Entity | Net Assets Total Assets minus Total Liabilities | | Share in Income & Expenditure | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|--|--|--------------------|--------------------------------------|--------------------|--|-----------------|--|--------------------|
| | as at March 31, 2024 | | year ended March 31, 2024 | | year ended March 31, 2024 | | year ended March 31, 2024 | |
| | 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 | 92.62% | 4,46,916.60 | 96.49% | 1,09,533.61 | 72.78% | (100.06) | 96.52% | 1,09,433.55 |
| Subsidiaries | | | | | | | | |
| NPCI International Payments Limited | 4.42% | 21,339.40 | 1.11% | 1,254.76 | 10.18% | (13.99) | 1.09% | 1,240.77 |
| NPCI Bharat BillPay Limited | 2.96% | 14,268.08 | 2.40% | 2,726.17 | 17.05% | (23.44) | 2.38% | 2,702.73 |
| | 100.00% | 4,82,524.08 | 100.00% | 1,13,514.54 | 100.00% | (137.49) | 100.00% | 1,13,377.05 |

| Name of Entity | Net Assets Total Assets minus Total Liabilities | | Share in Income & Expenditure | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|--|--|--------------------|--------------------------------------|------------------|--|-------------|--|------------------|
| | as at March 31, 2023 | | year ended March 31, 2023 | | year ended March 31, 2023 | | year ended March 31, 2023 | |
| | 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 | 94.14% | 3,51,006.43 | 97.75% | 80,939.05 | 509.15% | 22.81 | 97.77% | 80,961.86 |
| Subsidiaries | | | | | | | | |
| NPCI International Payments Limited | 2.71% | 10,098.63 | 0.48% | 399.45 | 2.68% | 0.12 | 0.48% | 399.57 |
| NPCI Bharat BillPay Limited | 3.15% | 11,752.97 | 1.77% | 1,465.66 | -411.83% | (18.45) | 1.75% | 1,447.21 |
| | 100.00% | 3,72,858.03 | 100.00% | 82,804.16 | 100.00% | 4.48 | 100.00% | 82,808.64 |

As per our report attached

For CHANDABHOY & JASSOOBHOY

Chartered Accountants
Registration No.: 101647W

CA Ambesh Dave

Partner
Membership No.: 049289

Place : Mumbai
Date: 22-May-2024

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman
DIN: 09498080

Dilip Asbe

Managing Director & CEO
DIN: 02990724

Priyanka Agrawal

Company Secretary

Padmini Khare Kaicker

Director
DIN: 00296388

Rupesh H. Acharya

Chief Financial Officer

Annexure

FORM NO. AOC.1

Statement containing salient features of the financial statement of Subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Information in respect of each subsidiary to be presented with amounts in ₹ in Lakh

| 1. Sl. No. | 1 | 2 |
|---|--|------------------------------------|
| 2. Name of the subsidiary | NPCI International Payments Limited (NIPL) | NPCI Bharat BillPay Limited (NBBL) |
| 3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA | NA |
| 4. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries. | NA | NA |
| 5. Share Capital | 20,000.00 | 10,000.00 |
| 6. Reserves & Surplus | 1,339.40 | 4,268.08 |
| 7. Total Assets | 22,796.45 | 23,674.98 |
| 8. Total Liabilities | 1,457.05 | 9,406.90 |
| 9. Investments | 526.66 | 1,605.42 |
| 10. Turnover | 4,244.97 | 8,566.58 |
| 11. Profit/(Loss) before taxation | 1,758.70 | 3,722.55 |
| 12. Provision for taxation | 503.94 | 996.38 |
| 13. Profit/(Loss) after taxation | 1,254.76 | 2,726.17 |
| 14. Proposed Dividend | - | - |
| 15. % of shareholding | 100% | 100% |

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations.
- Names of subsidiaries which have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of Associates/Joint Ventures | Name 1 | Name 2 | Name 3 |
|--|----------------|--------|--------|
| 1. Latest audited Balance Sheet Date | | | |
| 2. Shares of Associate/Joint Ventures held by the company on the year end | | | |
| No. | | | |
| Amount of Investment in Associates/Joint Venture | | | |
| Extend of Holding % | | | |
| 3. Description of how there is significant influence | Not Applicable | | |
| 4. Reason why the associate/joint venture is not consolidated | | | |
| 5. Networth attributable to Shareholding as per latest audited Balance Sheet | | | |
| 6. Profit / Loss for the year | | | |
| i. Considered in Consolidation | | | |
| i. Not Considered in Consolidation | | | |

1. Names of associates or joint ventures which are yet to commence operations.
2. Names of associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

Ajay Kumar Choudhary

Chairman

DIN: 09498080

Padmini Khare Kaicker

Director

DIN: 00296388

Dilip Asbe

Managing Director & CEO

DIN: 02990724

Rupesh H. Acharya

Chief Financial Officer

Priyanka Agrawal

Company Secretary

Place : Mumbai

Date: 22-May-2024