

AUDITOR'S REPORT

TO THE MEMBERS OF NATIONAL PAYMENTS CORPORATION OF INDIA

1. We have audited the attached Balance Sheet of NATIONAL PAYMENTS CORPORATION OF INDIA as at 31st March, 2010 and also Income and Expenditure account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by The Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') does not apply to the Company, since it is a Company licensed to operate under section 25 of the Act. Accordingly we have not commented upon the same.
4. We report that:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account have been kept by the Company as required by law as far as appears from our examination of those books.
 - c. The balance Sheet and Income and Expenditure account dealt with by this report is in agreement with the books of account.
 - d. In our opinion, the Balance Sheet and Income and Expenditure account dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the companies Act 1956.
 - e. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Director, and other records available with the company, none of the directors is disqualified as on 31st March 2010 from the being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon/attached thereto and the statement on Significant Accounting Policies give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - b. In the case of the Income and Expenditure, of the Surplus for the year ending on that date.

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433 W

CA Akhilesh Kumar Pandey
Partner
Membership No: 119559

Place: Mumbai
Date: 22nd June 2010

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NATIONAL PAYMENTS CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH 2010

The preparation of financial statements of National Payments Corporation of India for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22nd June 2010.

I on behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditors' on the accounts of National Payments Corporation of India for the year ended 31st March 2010 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the
Comptroller and Auditor General of India

(Alka R. Bhardwaj)
Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board – I, Mumbai

Place: Mumbai
Date: 30 July 2010

STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2010
BALANCE SHEET AS AT MARCH 31, 2010

			As at 31-03-2010	As at 31-03-2009
	Schedule	Amount in Rs.	Amount in Rs.	Amount in Rs.
SOURCES OF FUNDS				
Share Capital				
Authorised :				
3,00,00,000 Equity Shares of Rs.100 each			3,00,00,00,000	3,00,00,00,000
ISSUED SUBSCRIBED AND PAID UP				
30,00,000 Equity Shares of Rs.100 each			30,00,00,000	2,25,00,000
Reserves & Surplus	1		11,50,83,219	-
			41,50,83,219	2,25,00,000
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	2	6,82,76,046		41,156
Less: Depreciation		42,76,487		-
Net Block			6,39,99,559	41,156
Current Assets, Loans and Advances				
Cash and Bank Balances	3	34,85,62,091		-
Other Current Assets	4	62,12,991		-
Loans & Advances	5	2,72,97,222		63,29,203
		38,20,72,304		63,29,203
Less: Current Liabilities and Provisions				
Current Liabilities	6	4,30,76,564		2,01,768
		4,30,76,564		2,01,768
Net Current Assets			33,89,95,740	61,27,435
Miscellaneous Expenditure				
(To the extent not written off) - Refer Note No. 8			1,20,87,920	1,63,31,409
TOTAL			41,50,83,219	2,25,00,000
NOTES ON ACCOUNTS	9			

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433W

Akhilesh Kumar Pandey
Membership No. - 119559
Partner

Place: Mumbai
Date: 22nd June 2010

For National Payments Corporation of India

(THOMAS SCHICKLER)
Director

(BHAVESH ZAVERI)
Director

(P. A . KALYANASUNDAR)
Director

(M. RAMKUMAR)
Director

(R.K. SARAF)
Director

(A P HOTA)
Chief Executive Officer

(SUDEEP YADAV)
Director

(S. DHAMODARAN)
Director

(MADANJIT SINGH)
Director

(S.RAMAN)
Director

(M. BALACHANDRAN)
Director

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		As at 31-03-2010	As at 31-03-2009
	Schedule	Amount in Rs.	Amount in Rs.
INCOME			
Income from National Financial Switch		17,58,27,392	-
Other Income	7	14,91,259	-
TOTAL INCOME		17,73,18,651	-
EXPENDITURE			
Deputation Cost		28,34,029	-
Employee Cost		26,38,765	-
Administrative Expenses	8	4,94,64,171	-
Preliminary Exp. Written off (Refer Note No.8)		30,21,980	-
Depreciation		42,76,487	-
TOTAL EXPENDITURE		6,22,35,432	-
SURPLUS FOR THE PERIOD - BEING EXCESS OF INCOME OVER EXPENDITURE		11,50,83,219	-
PROVISION FOR TAXATION		-	-
SURPLUS BROUGHT FORWARD FROM BALANCE SHEET		-	-
SURPLUS FOR THE PERIOD AFTER TAX		11,50,83,219	-
SURPLUS AVAILABLE FOR APPROPRIATION ACCOUNT			
APPROPRIATION:			
Settlement Guarantee Reserve		3,00,00,000	-
Technology & Infrastructure Development Reserve		7,50,00,000	-
SURPLUS CARRIED FORWARD TO BALANCE SHEET		1,00,83,219	-
NOTES ON ACCOUNTS	9		

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433W

Akhilesh Kumar Pandey
Membership No. - 119559
Partner

Place: Mumbai
Date: 22nd June 2010

For National Payments Corporation of India

(THOMAS SCHICKLER)
Director

(BHAVESH ZAVERI)
Director

(P. A. KALYANASUNDAR)
Director

(M. RAMKUMAR)
Director

(R.K. SARAF)
Director

(A P HOTA)
Chief Executive Officer

(SUDEEP YADAV)
Director

(S. DHAMODARAN)
Director

(MADANJIT SINGH)
Director

(S. RAMAN)
Director

(M. BALACHANDRAN)
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		11,50,83,217
ADJUSTMENTS FOR:		
DEPRECIATION	42,76,487	
INTEREST INCOME	(11,41,259)	31,35,228
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		11,82,18,445
ADJUSTMENTS FOR:		
OTHER RECEIVABLES	40,08,184	
TRADE PAYABLES	4,28,74,796	4,68,82,980
CASH GENERATED FROM OPERATIONS		16,51,01,425
DIRECT TAXES - REFUND / (PAID)		(2,69,45,705)
NET CASH FLOW FROM OPERATING ACTIVITIES		13,81,55,720
B CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS:-	(6,82,34,887)	
INTEREST RECEIVED	11,41,259	
NET CASH USED IN INVESTING ACTIVITIES		(6,70,93,628)
C CASH FLOW FROM FINANCIAL ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	27,75,00,000	
NET CASH USED IN FINANCING ACTIVITIES		27,75,00,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		34,85,62,092
CASH AND CASH EQUIVALENTS		
OPENING BALANCE		34,85,62,092
CLOSING BALANCE		

- Notes: 1. All figures in brackets are outflow.
2. Direct Taxes paid are treated as arising from Operating Activities and are not bifurcated between investing and Financing activities.
3. Cash and Cash Equivalent is Cash and Bank Balances as per Balance Sheet.

As per our Report attached

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433W

Akhilesh Kumar Pandey
Membership No. - 119559
Partner

Place: Mumbai
Date: 22nd June 2010

For and on behalf of the Board

(THOMAS SCHICKLER)
Director

(BHAVESH ZAVERI)
Director

(P. A. KALYANASUNDAR)
Director

(M. RAMKUMAR)
Director

(R.K. SARAF)
Director

(A P HOTA)
Chief Executive Officer

(SUDEEP YADAV)
Director

(S. DHAMODARAN)
Director

(MADANJIT SINGH)
Director

(S.RAMAN)
Director

(M. BALACHANDRAN)
Director

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2010 Amount in Rs.	As at Mar 31, 2009 Amount in Rs.
SCHEDULE 1		
Reserves & Surplus		
Settlement Guarantee Reserve		
Opening Balance	-	-
Add: Transfer From Income & Expenditure Account.	3,00,00,000	-
Closing Balance	3,00,00,000	-
Technology & Infrastructure Development Reserve		
Opening Balance	-	-
Add: Transfer From Income & Expenditure Account.	7,50,00,000	-
Closing Balance	7,50,00,000	-
Income & Expenditure Account	1,00,83,219	-
TOTAL	11,50,83,219	-

SCHEDULE : 2**FIXED ASSETS**

FIXED ASSETS									
		GROSS BLOCK			DEPRECIATION			NET BLOCK	
Particulars		Rate of Dep	As at Additions During the period	As at 31-Mar-09	As at 31-Mar-10	For the period	As at 31-Mar-10	As at 31-Mar-10	As at 31-Mar-09
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
COMPUTER & PRINTERS	33.33%	17,900	6,18,92,808	6,19,10,708	-	39,02,045	39,02,045	5,80,08,663	17,900
FURNITURE & FIXTURE	15.00%	11,363	49,37,475	49,48,838	-	2,67,030	2,67,030	46,81,808	11,363
OFFICE EQUIPMENT	15.00%	11,893	14,04,607	14,16,500	-	1,07,412	1,07,412	13,09,088	11,893
TOTAL		41,156	6,82,34,890	6,82,76,046	-	42,76,487	42,76,487	6,39,99,559	41,156
Previous Period		-	41,156	41,156	-	-	-	41,156	-

	As at March 31, 2010 Amount in Rs.	As at Mar 31, 2009 Amount in Rs.
--	--	--

SCHEDULE 3**Cash and Bank Balances**

Cash on hand	4,520	-
Balance with Scheduled Banks	4,99,67,571	-
Flexi Deposit with Scheduled Bank	29,85,90,000	-
TOTAL	34,85,62,091	-

SCHEDULES FORMING PART OF BALANCE SHEET

	As at March 31, 2010 Amount in Rs.	As at Mar 31, 2009 Amount in Rs.
SCHEDULE 4		
Other Current Assets		
Prepaid Expenses	18,79,096	-
Input Credit - Service Tax	17,71,153	-
Accrued Interest	19,396	-
Accrued Income	25,43,346	-
TOTAL	62,12,991	-

	As at March 31, 2010 Amount in Rs.	As at Mar 31, 2009 Amount in Rs.
SCHEDULE 5		
Loans & Advances		
Indian Bank Association	-	63,28,705
Advance Tax - 2010-11	2,69,45,705	-
Telephone Deposit	35,000	-
Other Receivables	3,16,517	498
TOTAL	2,72,97,222	63,29,203

	As at March 31, 2010 Amount in Rs.	As at Mar 31, 2009 Amount in Rs.
SCHEDULE 6		
Current Liabilities		
Sundry Creditors	1,09,89,765	-
TDS Payable	45,48,783	498
Other Liabilities	2,75,38,016	2,01,270
TOTAL	4,30,76,564	2,01,768

SCHEDULES FORMING PART OF INCOME & EXPENDITURE ACCOUNT

	For the Year ended March 31, 2010	For the Year ended March 31, 2009
	Amount in Rs.	Amount in Rs.
SCHEDULE 7		
Other Income		
Interest - Flexi-Deposit with bank	9,77,202	-
Interest - Fixed Deposit with bank	1,64,057	-
Miscellaneous Income	3,50,000	-
TOTAL	14,91,259	-

	For the Year ended March 31, 2010	For the Year ended March 31, 2009
	Amount in Rs.	Amount in Rs.
SCHEDULE 8		
Administration Expenses		
NFS Expenses	2,65,25,399	-
Legal & Professional Expenses	1,06,44,095	-
Travelling & Conveyance Expenses	23,74,813	-
Advertisement Expenses	18,91,632	-
Retainership Fees	15,00,460	-
Meeting Expenses	10,68,266	-
Electricity	5,90,223	-
Software & IT Expenses	7,05,725	-
Communication Expenses	3,78,423	-
Rent	1,75,000	-
Rates & Taxes	1,59,317	-
Audit Fees	1,26,568	-
Internal Audit Fees	48,000	-
Other Expenses	32,76,250	-
	4,94,64,171	-

SCHEDULE: 9

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS:

1) Introduction

- i. National Payments Corporation of India (NPCI) has been incorporated as a public limited company under section 25 of the Companies Act, 1956 pursuant to the Certificate of Incorporation issued by the Registrar of Companies dated 19th December 2008 with an object to set up and implement the Payments and Settlements infrastructure in India. The Company obtained its Certificate of Commencement of Business on 20th April 2009.
- ii. NPCI is an initiative of Reserve Bank of India and Indian Bank's Association to Implement the Payments and Settlements Act, 2007 for creating a robust payments and settlements infrastructure in India. It is envisaged that over period of time, a payment system would be developed which will work for 24 hours in a day throughout the year and benefit the people of India. At present 6 nationalized banks, 2 private banks and 2 foreign banks have subscribed to the capital.

2) Statement of Significant Accounting Policies:

i. Basis of Accounting:

The financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in the case of assets for which provision for impairment is made and revaluation is carried out. The Company follows the accrual basis of accounting.

ii. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 could differ from these estimates.

iii. Revenue recognition:

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

Income from Services:

The Company has created an online platform which is a gateway for all ATM transactions, conducted for member banks. There is a fee for every transaction executed through this gateway. Revenue from such services is accordingly accounted to record fees for all transactions executed during the accounting year.

iv. Fixed Assets:

Fixed Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

v. Depreciation:

The Company which hitherto had followed the depreciation rates under the straight line method as prescribed in Schedule XIV of the Companies Act, 1956, has changed its policy to adopt the accelerated rates of depreciation with effect from the current year. Accordingly, the depreciation is provided using the straight line method as per the following rates:

Sr.	Nature of Assets	Depreciation Rate
1.	Plant and Machinery / Office Equipments	15%
2.	Computers, Software and Printers	33.33%
3.	Furniture and Fittings	15%

vi. **Leases:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Income and Expenditure account on a straight-line basis over the lease term.

vii. **Taxation:**

The activities of the Company is to create a robust payments and settlement infrastructure over a period of time and as well as to develop round the clock payment systems to the benefit of the people of India. The Company's application under section 12A of the Income Tax Act 1961 has been registered with the department, the Company's claim for exemption would be considered based on assessments done on year to year basis.

Current Tax: A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates as per the Income Tax Act, 1961.

Deferred Tax: Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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.

viii. **Employee Benefits :**

The policies relating to employee benefits are in the process of being formulated; accordingly accounting policies relating to employee benefits will be formalized thereafter.

ix. **Preliminary Expenses:**

Preliminary expenses related to registration charges & stamp duty are deferred and amortized over a period of five years commencing from the year in which the Company commenced business.

x. **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 and are determined based on a best estimate required to settle the obligation at the balance sheet date.

xi. **Contingent Liabilities:**

If any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) was Rs. Nil (previous period Rs. 4.19 lacs).

4. Contingent Liability :

- a) Amount not acknowledged as debt – Rs. 89.38 lacs. [Refer note 3(b)]
 - b) Deputation cost pertaining to employees of promoter banks Rs.41.06 lacs (Refer note 5)
5. a) Reserve Bank of India has authorised NPCI to take over the operations of National Financial Switch (NFS) from the Institute of Development and Research in Banking Technology (IDRBT). NPCI has taken over management of NFS operations from IDRBT w.e.f December 14, 2009 and the relevant assets owned by IDRBT have been transferred to NPCI during the closing hours of December 31, 2009 at the written down value amounting to Rs.500.46 lac as on 30th November 2009 appearing in the books of IDRBT. Depreciation in respect of such assets has been charged in the books with effect from January 01, 2010, the date from which NPCI started generating revenue.
- b) As per the directive received from the RBI, the National Financial Switch (NFS) assets acquired by the Company from IDRBT were taken over on an “as is where is basis”. Further, as a part of the deal, the Company also had to take over IDRBT’s liabilities amounting to Rs. 181.20 lacs payable to some of its Hardware & Software vendors. Of this, an amount of Rs. 89.38 lacs payable to one of the vendor for supply of Hardware & Software relating to Electronic Payment Gateway is under review by the management of the Company. This amount has been accordingly recognised as a contingent liability.
- c) The NFS assets taken over by the Company from IDRBT have been capitalised in the books at an amount of Rs. 411.46 lac and depreciated accordingly. The assets were transferred to the Company for a lump sum consideration without attributing values to the individual assets. Therefore, though the assets taken over from IDRBT are physically identifiable the task of ascribing values to each individual item is under review by the Management. The management has initiated the process to ensure that the matter is resolved at the earliest and values are ascribed to each unit of asset so as to also ensure that the fixed assets register is properly updated.
6. The Company which hitherto had followed the depreciation rates as prescribed in Schedule XIV of the Companies Act, 1956, has changed its policy to adopt accelerated rates of depreciation with effect from the current year. Had the Company adopted its earlier policy the Surplus of Income over Expenditure for the year would have been higher by Rs. 25.81 lac.
7. During most part of the current year the operations of the Company were managed by personnel who were deputed from the Reserve Bank of India (RBI) and some of the Promoter Banks. The RBI and three of the Promoter Banks have raised invoices to recover the cost of employees deputed by them; however the other Promoter banks have till date not raised any invoices to claim such recovery. In view of the same, deputation cost associated in respect of employees from such Banks amounting to Rs. 41.06 lacs has been disclosed as contingent liability on an estimated basis. Such costs would be charged to the Income & Expenditure account in the year during which the actual invoices are received from the relevant banks.
8. From January 2010 the Company started recruitment of its own employees and as at the end of the current financial year 5 employees had joined the Company. The rules and policies relating to employee benefit are in the process of being formalised. Consequently, provision for Retirement Benefit is not required to be made during the current year.
9. The Board of Directors of the Company issued equity shares of Rs. 100/- each to the promoter Banks as detailed below:
- a) Issued 2,25,000 equity shares on 24-03-09 which was allotted on 15-05-09
 - b) Issued and allotted 6,75,000 equity shares on 23-09-09
 - c) Issued and allotted 1,00,000 equity shares on 26-11-09
 - d) Issued and allotted 20,00,000 equity shares on 23-03-10
10. Effective August 01, 2009 the Company commenced operating its own bank account which hitherto was operated through Indian Banks Association (IBA). The balance amount lying with IBA was accordingly transferred to the account of NPCI.
11. All expenses incurred since the date of incorporation of the Company until March 31, 2009 were carried forward as preliminary expenses included under the head Miscellaneous Expenditure (to the extent not written off). Such expenses relating to registration charges and stamp duty paid at the time of registration of the Company are being amortized over a period of five years. All other expenses have been charged to the Income & Expenditure account during the period.

The details of preliminary expenses and its treatment thereof in the financial statement are as under:

Sr.	Particulars	Amount-Rs.	Amount-Rs.
1	Opening balance as on 01-04-2009		1,63,31,409
2	Less: Preliminary expenses written off		
	a) Legal and professional fees	5,20,625	
	b) Honorarium	60,000	
	c) Retainer ship fees	2,50,000	
	d) Car hire charges	24,986	
	e) Office expenses	13,279	
	f) Computer consumables	37,372	
	g) Conveyance	11,464	
	h) Telephone expenses	2,390	
	i) Traveling expenses	46,050	
	j) Printing & stationery	6,729	
	k) Repairs & maintenance	1,50,492	
	l) Meeting expenses	4,807	
	m) Hire & rental charges	9,100	
	n) Staff Welfare expenses	3,747	
	o) Audit fees	10,000	
	p) Miscellaneous expenses	70,468	
	Total - (a to p)		12,21,509
3	Preliminary expenses to be amortized		1,51,09,900
4	Preliminary expenses amortized during the period		3,021,980
5	Closing balance as on 31-03-2010		1,20,87,920

12. Details of fees paid to the auditor are as under:

a) Statutory Audit fees for FY 2008-09	Rs. 26,568 (Included in preliminary expense during the previous year)
b) Statutory Audit Fees for FY 2009-10	Rs. 50,000 /-
c) Tax Audit fees for FY 2009-10	Rs. 35,000/-
d) For other services	Rs. 15,000/-

13. The Company is registered under section 25 of the Companies Act 1956, has been granted registration under section 12AA of the Income Tax Act 1961 vide letter dated 19th March 2010 received from the Income Tax department. The management is therefore of the view that the surplus income generated by the Company is exempt from Income Tax. Accordingly no provision for Income tax as well as Deferred tax has been made during the year.

14. Transfer to Reserves: The Management has decided to create the following Reserve as detailed below :

Settlement Guarantee Reserve:

In order to ensure that the Company is in a position to deal with exigencies associated with Settlement Risks, with effect from 1st January 2010, the Management of the Company has decided to appropriate an amount of Rs. 100 Lacs per

month to the Settlement Guarantee Fund. Pending creation of a Fund, an amount of Rs. 300 Lacs has been appropriated out of the Surplus Income for the current year and transferred to the Settlement Guarantee Reserve. The entire amount in the Settlement Guarantee Reserve will be utilized to create the Settlement Guarantee Fund.

Technology & Infrastructure Development Reserve:

The Company would be taking on various initiatives in improving the payment infrastructure in India to provide world class affordable payment systems to the people of India. In order to achieve this purpose the Company will have to invest significantly in Research & Development in the payment & technology area. As a step in this direction the Management of the Company has decided to appropriate an amount of Rs. 750 Lacs to the Technology & Infrastructure Development Fund. Pending creation of a Fund, the amount has been appropriated out of Surplus Income for the current year and transferred to the Technology and Infrastructural Development Reserve.

15. Expenditure incurred in foreign currency - Rs. Nil

16. Earnings Per Share:

Earnings Per Share (EPS)	
Net Surplus as per Income & Expenditure account	11,50,83,217
Net Surplus	11,50,83,217
Weighted average number of equity shares	6,60,205
Basic EPS (Rs.)	174

17. There are no Micro, Small and Medium enterprises, to which the Company owes dues, which are outstanding for more than 45 days as at the Balance sheet date. Further, the Company has neither paid nor has any amount payable towards interest to any Micro, Small and Medium enterprises on the Balance sheet date. The above information has been determined to the extent such parties has been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

18. The other disclosures required under the Part II of Schedule VI to the Companies Act, are not immediately relevant to the Company for the period under consideration and hence the same are not indicated.

19. As the operations of the Company has commenced from the current financial year there are no figures for the prior period in respect to Income & Expenditure.

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433W

Akhilesh Kumar Pandey
Membership No. - 119559
Partner

Place: Mumbai
Date: 22nd June 2010

For National Payments Corporation of India

(THOMAS SCHICKLER)
Director

(BHAVESH ZAVERI)
Director

(P. A . KALYANASUNDAR)
Director

(M. RAMKUMAR)
Director

(R.K. SARAF)
Director

(A P HOTA)
Chief Executive Officer

(SUDEEP YADAV)
Director

(S. DHAMODARAN)
Director

(MADANJIT SINGH)
Director

(S. RAMAN)
Director

(M. BALACHANDRAN)
Director

Additional Information Pursuant to Part – IV of Schedule VI to the Companies Act, 1956**I Registration Details**

Registration Number	189067	State Code No.	11
Balance-Sheet Date	31 st March 2010		

II Capital raised during the year (Amount in Rs.)

Public Issue	NIL	Right Issue	26,75,00,000
Bonus Issue	NIL	Private Placement	1,00,00,000

III Position of Mobilisation and Deployments of funds (Amount in Rs.)

Total Liabilities	45,81,59,783	Total Assets	45,81,59,783
-------------------	--------------	--------------	--------------

IV Sources of funds

Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability	NIL		

V Application of Funds

Net Fixed Assets	6,39,99,559	Investments	NIL
Net Current Assets	33,89,95,740	Accumulated Losses	NIL
Miscellaneous Expenses	1,20,87,920		

VI Performance of the Company (Amount in Rs.)

Turnover/Income	17,73,18,651	Total Expenditure	6,22,35,432
Profit/(Loss) before Tax	1,15,083,219	Profit/(Loss) after Tax	11,50,83,219
Earnings Per Share in Rs.	174.00	Dividend Rate %	N.A.

VII General Name of Principal Product of Company (As per Monetary terms)

Item Code No.	NIL
Product Description	Payments & Settlements

As per our report of even date

For Akhilesh Pandey & Co.
Chartered Accountants
Firm Registration No.-126433W

Akhilesh Kumar Pandey
Membership No. - 119559
Partner

Place: Mumbai
Date: 22nd June 2010

For and on behalf of the Board of Directors

(THOMAS SCHICKLER)
Director

(BHAVESH ZAVERI)
Director

(P. A. KALYANASUNDAR)
Director

(M. RAMKUMAR)
Director

(R.K. SARAF)
Director

(A P HOTA)
Chief Executive Officer

(SUDEEP YADAV)
Director

(S. DHAMODARAN)
Director

(MADANJIT SINGH)
Director

(S. RAMAN)
Director

(M. BALACHANDRAN)
Director