

**INDEPENDENT AUDITOR'S REPORT****To the Shareholders of National Payments Corporation of India****Report on the Financial Statements**

We have audited the accompanying financial statements of National Payments Corporation of India, which comprise the Balance Sheet as at 31st March 2013, the Statement of Income & Expenditure and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required 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 2013

- b. in the case of the Statement of Income & Expenditure, of the Surplus for the year ended on that date
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors Report) Order, 2003 (as amended), issued by the 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.
2. As required by section 227(3) of the Act, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit
  - ii. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - iii. The Balance Sheet, Statement of Income & Expenditure and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - iv. In our opinion, the Balance Sheet, Statement of Income & Expenditure and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956
  - v. As per information and explanation given to us the Central Government has, till date, not prescribed any cess payable under section 441A of the Companies Act, 1956
  - vi. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Shah & Savla**  
Chartered Accountants  
FRN :109364W

Sd/-

**MULESH M. SAVLA**  
(PARTNER)  
Membership No. 38404

Place: Mumbai  
Date: 15th May 2013

# National Payments Corporation of India

(Company Limited By Shares Under Section 25 of the Companies Act, 1956)

## BALANCE SHEET AS AT MARCH 31, 2013

	Notes	As at 31-Mar-2013 ₹	As at 31-Mar-2012 ₹
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share Capital	2.1	1,000,000,000	600,000,000
Reserves & Surplus	2.2	950,917,513	641,356,105
<b>Non-current liabilities</b>			
Deferred Tax Liabilities (Net)	2.3	109,700,000	108,600,000
Long term Liabilities	2.4	430,564,469	26,096,282
<b>Current liabilities</b>			
Trade Payables	2.5	107,616,923	60,098,407
Other Current Liabilities	2.6	194,043,977	56,521,130
Short-term provisions	2.7	41,610,777	34,839,062
<b>TOTAL</b>		<b>2,834,453,660</b>	<b>1,527,510,986</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets (Net)			
Tangible assets	2.8	465,959,261	543,127,552
Intangible assets	2.8	230,004,508	201,166,059
Capital work-in-progress	2.8	39,060,950	42,337,024
Non-current Investments	2.9	9,980,000	-
Other non-current assets	2.10	25,895,642	56,193,964
<b>Current assets</b>			
Cash & Bank balance	2.11	1,932,995,060	621,018,595
Trade Receivables	2.12	54,681,980	16,150,351
Short-term loans & advances	2.13	39,378,445	20,812,679
Other current assets	2.14	36,497,813	26,704,761
<b>TOTAL</b>		<b>2,834,453,660</b>	<b>1,527,510,986</b>
<b>Significant Accounting Policies &amp; Notes on Accounts</b>	1 & 2		

As per our report attached  
For SHAH & SAVLA  
CHARTERED ACCOUNTANTS  
Registration No. 109364W

For and on behalf of Board of Directors

Mullesh Savla  
MEMBERSHIP NO : 38404  
PARTNER

N.R.Narayana Murthy  
Chairman

Balachandran M  
Director

A. P. Hota  
Managing Director & Chief  
Executive Officer

Deena Mehta  
Director

PLACE: MUMBAI  
DATE: 15th May 2013

Sanjay Saxena  
Head - Finance & Admin &  
Board Secretariat

Anjali Zaveri  
Company Secretary

## National Payments Corporation of India

### INCOME & EXPENDITURE ACCOUNT FOR YEAR ENDED MARCH 31, 2013

	Notes	Year Ended 31-Mar-13 ₹	Year Ended 31-Mar-12 ₹
<b>INCOME</b>			
Income from Operations		1,362,748,211	992,298,600
Other Income	2.15	131,854,923	85,516,658
<b>TOTAL INCOME</b>		<b>1,494,603,134</b>	<b>1,077,815,258</b>
<b>EXPENDITURE</b>			
Operating Expenses	2.16	178,138,429	191,114,821
Employee benefits cost	2.17	280,508,345	198,108,922
Administrative & Establishment Expenses	2.18	124,818,232	84,515,241
Other Operating Expenses	2.19	71,725,934	54,241,430
Finance Charges	2.20	1,353,153	1,699,185
Depreciation and Amortisation Expenses	2.8	358,016,870	163,840,570
<b>TOTAL EXPENDITURE</b>		<b>1,014,560,963</b>	<b>693,520,169</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD - BEING EXCESS OF INCOME OVER EXPENDITURE</b>		<b>480,042,171</b>	<b>384,295,088</b>
<b>PROVISION FOR TAXATION</b>			
- Current Tax		122,540,000	78,000,000
- MAT Credit			(34,400,000)
- MAT Credit Entitlement		34,400,000	-
- Deferred Tax		1,100,000	85,900,000
<b>SURPLUS/(DEFICIT) FOR THE PERIOD AFTER TAX</b>		<b>322,002,171</b>	<b>254,795,088</b>

As per our report attached  
For SHAH & SAVLA  
CHARTERED ACCOUNTANTS  
Registration No. 109364W

For and on behalf of Board of Directors

Mulesh Savla  
MEMBERSHIP NO : 38404  
PARTNER

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Chairman

Balachandran M  
Director

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Managing Director & Chief  
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Deena Mehta  
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Sanjay Saxena  
Head - Finance & Admin &  
Board Secretariat

Anjali Zaveri  
Company Secretary



## National Payments Corporation of India

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2013

	₹ Apr 12-Mar 13	₹ Apr 11-Mar-12
<b>(A) Cash flow from operating activities</b>		
Profit Before Tax	480,042,171	384,295,088.00
Add: Adjustments for		
Depreciation	358,016,870	163,840,570
Provision for Employee Benefits	5,185,417	4,135,555
Preliminary expenses written off	-	9,065,940
Share Issue expenses	401,000	
Less: Adjustments for		
Interest Income Earned	(128,697,527)	(66,877,421)
<b>Operating Profit Before Working Capital Changes</b>	<b>714,947,931</b>	<b>494,459,732</b>
Adjustments for		
(Increase)/Decrease in Trade & other receivables	139,906,683	88,326,610
Increase/(Decrease) in Trade & other payables	290,232,676	(126,378,988)
Cash Generated from Operations	1,145,087,290	456,407,354
Income Tax paid	29,641,262	89,362,809
<b>Net Cash flow/(Used in) Operating Activities (A)</b>	<b>1,115,446,028</b>	<b>367,044,545</b>
<b>(B) Cash flow from investing activities</b>		
Purchase of Fixed Assets	(306,410,954)	(723,203,786)
Purchase of Investments	(378,242,000)	-
Interest received	113,322,392	64,134,118
<b>Net Cash flow/(Used in) Investing Activities (B)</b>	<b>(571,330,562)</b>	<b>(659,069,668)</b>
<b>(C) Cash flow from financing activities</b>		
Proceeds from issuance of share capital	400,000,000	-
Share Issuance Expenses	(401,000)	-
<b>Net Cash flow/(Used in) Financing Activities ( C )</b>	<b>399,599,000</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>943,714,466</b>	<b>(292,025,123)</b>
Cash and Equivalents - Opening Balance	621,018,595	913,043,718
Cash and Equivalents - Closing Balance	1,564,733,060	621,018,595
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>943,714,466</b>	<b>(292,025,123)</b>
1 The above cash flow statement has been prepared using the indirect method as per Accounting Standard 3.		
2 Previous year's figures have been regrouped, reclassified and rearranged to conform to current year's presentation wherever necessary.		

As per our report attached  
For SHAH & SAVLA  
CHARTERED ACCOUNTANTS  
Registration No. 109364W

For and on behalf of Board of Directors

Mulesh Savla  
MEMBERSHIP NO : 38404  
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Sanjay Saxena  
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Company Secretary

## NATIONAL PAYMENTS CORPORATION OF INDIA

### Significant Accounting Policies and Notes on Accounts

#### Corporate Information

National Payments Corporation of India (NPCI) was incorporated as a public limited Company under Section 25 of the Companies Act, 1956 with the object to set up and implement the Retail Payment System in the Country. The Company is authorized as a Payment System under 'The Payment and Settlement Systems Act, 2007' by Reserve Bank of India. The main objective of the Company is to consolidate and integrate multiple Retail Payment Systems in to nation-wide uniform and standard business process and also to facilitate an affordable payment mechanism to benefit the common man across the country & promote financial inclusion.

The Share Capital has been subscribed by 10 Promoter Banks comprising of 6 Public Sector Banks, 2 Private Banks and 2 Foreign Banks.

The Company's initiatives in the Retail Payment System are in the form of providing National Financial Switch (NFS), Cheque Truncation System (CTS), Immediate Payment Service (IMPS), Card Scheme (RuPay), National Automated Clearing House (NACH), and Aadhaar Enabled Payment System (AEPS).

### 1. Statement of Significant Accounting Policies

#### 1.1. Basis of Preparation of Financial Statements

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. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### 1.2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP 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.

**1.3. 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.

**1.3.1. Income from Operations**

The Company has created a platform which is a gateway for all ATM, IMPS, CTS, RuPay, NACH and AEPS transactions, conducted for member banks. Revenue from such services is accordingly accounted for all transactions routed during the reporting period. Non-refundable one time membership fees collected from Banks using NPCI services towards set up cost are recognised as income in the reporting period in which services are commissioned.

**1.3.2. Other Income**

In case of other Income, revenue is recognized during the period in which the services are rendered. Interest income is recognized on accrual basis and as confirmed by Banks.

**1.4. Tangible 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. Any Trade Discounts and Rebates are deducted in arriving at the Purchase Price.

**1.5. Intangible Assets**

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

**1.6. Depreciation on Tangible Fixed Assets**

Depreciation is provided using the straight line method as per the following rates:

Sr.	Nature of Assets	Depreciation Rate
1	Network Equipments / Switching Equipments #	33.33%
2	Plant and Machinery / Office Equipments	15.00%
3	Computers and Printers	33.33%
4	Furniture and Fittings	15.00%
5	Vehicles	20.00%
6	Leasehold Improvements*	33.33%

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

# The Management during the financial year has changed the depreciation rate for 'Network/Switching Equipment' from 20% to 33.33% on account of the technology changes and up gradations required for these assets. This has resulted in higher depreciation by ₹ 91,938,581 for the Financial Year 2012-2013, and lower Surplus before tax of ₹ 91,938,581.

Assets valued at less than ₹ 25,000 are fully depreciated in the year of purchase.

### 1.7. 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.

### 1.8. Investment

Investments are classified into long term investments and current investments. Investments which are by nature readily realisable and intended to be held for not more than one year from the date of investments are current investments and Investments other than current investments are long term investments. Long term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at lower of cost and fair / market value.

### 1.9. Income Taxes

- 1.9.1. The Company has been incorporated as a 'Not for Profit Company' under section 25 of the Companies Act 1956 and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objects to carry out any activity on commercial basis and it operates on a non-commercial basis and thereby eligible for tax exemption. On a conservative basis the Management has decided to provide for Current tax.
- 1.9.2. Tax expenses comprises of Current tax and Deferred tax. Current tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 1961. The Company offsets, on a year on year basis, the Current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.
- 1.9.3. Minimum alternate tax (MAT) paid in a reporting period is charged to the statement of Income & Expenditure Account as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the Income & Expenditure account and shown as MAT Credit Entitlement. The

Company reviews the “MAT Credit entitlement” asset at each reporting date and writes down the asset to the extent there is no longer convincing evidence to the effect that it will pay normal Income Tax during the specified period.

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

**1.10. Preliminary Expenses**

Preliminary expenses relate to start-up costs, legal and secretarial costs incurred for incorporation of Company. The Company had deferred Preliminary expenses till FY 2010-2011, and write off the balance amount as per Accounting Standard 26 during the Financial Year 2011-2012.

**1.11. Employee Benefits**

**1.11.1. Short term Employee Benefits**

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

**1.11.2. 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.

**1.11.3. 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 a 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 end of the year. Actuarial gains/losses are

recognized in full in the Income and Expenditure account of the respective financial year and are not deferred.

### 1.12. 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.

### 1.13. Contingent Liabilities

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

## 2. Notes on Accounts

### 2.1. Share Capital

Particulars	As at 31-Mar-13 (₹)	As at 31-Mar-12 (₹)
<b>Authorized</b>		
3,00,00,000 Equity Shares of ₹100 each	3,00,00,000	3,00,00,000
<b>Issued Subscribed and Paid Up :</b>		
1,00,00,000 (Previous Year 60,00,000) Equity Shares of ₹100 each Fully paid up	1,00,00,000	60,00,000
<b>Total</b>	<b>1,00,00,000</b>	<b>60,00,000</b>

#### 2.1.1. Reconciliation Of Shares outstanding at the beginning and end of the Financial Year

Particulars	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	6,00,000	60,00,000	6,00,000	60,00,000
Shares Issued during the reporting period	4,00,000	40,00,000	-	-
Shares outstanding at the end of the reporting period	10,00,000	1,00,00,000	6,00,000	60,00,000

#### 2.1.2. Terms/ Rights Attached to Equity Shares

The Company has only one Class of Equity Shares having a par Value of ₹100 each. Each Equity share represents one vote in case of poll.



## 2.1.3. Details of Shareholders Holding more than 5% share in the Company.

Name of Shareholder	Equity Shares			
	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
State Bank of India	1,000,000	10	600,000	10
Union Bank of India	1,000,000	10	600,000	10
Bank of India	1,000,000	10	600,000	10
Bank of Baroda	1,000,000	10	600,000	10
Punjab National Bank	1,000,000	10	600,000	10
Canara Bank	1,000,000	10	600,000	10
ICICI Bank Limited	1,000,000	10	600,000	10
HDFC Bank Limited	1,000,000	10	600,000	10
HSBC Limited	1,000,000	10	600,000	10
Citibank N.A	1,000,000	10	600,000	10

During the Financial Year 2012-2013, the Company has issued additional equity capital to existing shareholders at par.

## 2.2. Reserves and Surplus

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
<b>Settlement Guarantee Reserve</b>		
Opening Balance	250,000,000	150,000,000
Amount Transferred/ (written back) to Income & Expenditure Account	(250,000,000)	100,000,000
<b>Sub total</b>	<b>-</b>	<b>250,000,000</b>
<b>Income &amp; Expenditure Account</b>		
Surplus/(Deficit) Brought Forward From Balance Sheet	391,356,105	236,561,017
Surplus/(Deficit) for the period after Tax	322,002,171	254,795,088
<b>APPROPRIATION:</b>		
Settlement Guarantee Reserve Transferred / (Written back)	250,000,000	100,000,000
Transfer to SGM	(12,440,763)	-
<b>Sub total</b>	<b>950,917,513</b>	<b>391,356,105</b>
<b>Total</b>	<b>950,917,513</b>	<b>641,356,105</b>

Transfer to Reserves: During the year the Company has collected from banks refundable deposits for setting up of a Settlement Guarantee Mechanism for which consent was obtained from Reserve Bank of India vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated April 11, 2012. The



Management has taken a view that the Settlement Guarantee Reserve is no longer required and hence written back ₹250,000,000 from Settlement Guarantee Reserve to the Income & Expenditure Account.

### 2.3. Deferred Tax (Net)

As a matter of prudence, the Management had taken a decision to provide for taxes. There is a Deferred Tax Expense of ₹1,100,000 for the year 2012-13, thus increasing the deferred tax liability to ₹109,700,000 (Previous year ₹108,600,000). The components of net deferred tax asset/ liability are as under:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
<b>Deferred Tax Liability</b>		
Fixed Assets	110,709,033	110,582,425
<b>Deferred Tax Asset</b>		
Preliminary Expenses	(1,009,033)	(1,982,425)
<b>Total</b>	<b>109,700,000</b>	<b>108,600,000</b>

### 2.4. Long Term Liabilities

Long term liabilities consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
SGM Contribution (Includes amount transferred of Rs : 12,440,763)	381,202,763	-
Deposit- Collateral (AEPS)	7,000,000	
Deposit - Collateral (IMPS)	35,500,000	24,000,000
Deposit - Collateral (RuPay)	2,711,426	-
Provision - Gratuity	4,150,281	2,096,282
<b>Total</b>	<b>430,564,470</b>	<b>26,096,282</b>

RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated April 11, 2012 has given consent for the Settlement Guarantee Mechanism Guidelines proposed by the Company. In line with the guidelines, the Company has collected from banks availing NFS services as deposits towards the Settlement Guarantee Mechanism. Till 31<sup>st</sup> March 2013 an amount of ₹368,762,000 has been received as contribution from banks towards the Settlement Guarantee Mechanism as a part of risk management. The surplus of Income earned on Earmarked investments after meeting SGM expenses and the Income tax expenses is transferred to SGM contribution as defined in the guidelines.

The SGM contribution as on 31<sup>st</sup> March 2013 is as follows:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Interest on SGM Investments	20,510,428	-
Less: SGM Expenses (Bank charges)	575,036	-
Less: Salary allocated to SGM	1,519,637	-
<b>Sub total</b>	<b>18,415,755</b>	<b>-</b>
Less: Income Tax	5,974,992	-
<b>Net transferred during the year</b>	<b>12,440,763</b>	<b>-</b>
SGM contribution received during the year	368,762,000	-
<b>SGM Balance as at the end</b>	<b>381,202,763</b>	<b>-</b>

## 2.5. Trade Payables

Trade Payables consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
Sundry Creditors	103,816,923	54,598,407
Earnest Money Deposit	3,800,000	5,500,000
<b>Total</b>	<b>107,616,923</b>	<b>60,098,407</b>

## 2.6. Other Current Liabilities

Other Current Liabilities consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-2012(₹)
Statutory Liabilities	19,595,478	16,333,466
Retention Monies	484,400	485,000
Advance NFS Membership Fees	-	838,200
Security Deposit	194,801	194,801
Income Tax Refund FY 2009-10	36,567,180	36,567,180
Income Tax Refund FY 2010-11	131,482,410	-
ECCS Escrow Account	1,576	2,102,483
Other Payables	55,252	-
Advance for Centralised Promotion of IMPS (Net)	5,662,880	-
<b>Total</b>	<b>194,043,977</b>	<b>56,521,130</b>

Statutory Liabilities represents Amount payable towards Provident Fund, TDS, Professional tax etc.

During the year, the Additional Director of Income Tax (Exemption)-II(2) , Mumbai had passed an order under section 143(3) of the Income Tax Act, 1961 for the Assessment Year 2010-11, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are not commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961 and issued notice of demand u/s.156 of the Income Tax Act, 1961 for recovery of additional Income Tax of ₹ 8.31 crores. The Management and the Tax Consultant are of the opinion that the objects of the company being non-commercial in nature and is eligible to claim the exemption u/s.11 and 12 of the Income Tax Act, 1961 and thus have preferred an appeal before the Commissioner of Income Tax (Appeals)-I, Mumbai against the assessment order, which is pending.

The Company has also filed a rectification under Section 154 and the rectification order is pending. In the opinion of the Tax Consultant and as advised, the company is eligible for the claim for exemption u/s.11 and 12 of the Income Tax Act, 1961 and hence the Management has not provided for the said demand pending disposal of the Appeal and Rectification order. However the amount of the Income tax refund of ₹36,567,180 received has been shown under 'Other Current Liabilities'. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of Operations.

Income Tax Refund for the financial year 2010-2011 received during the financial year 2012-13 includes interest of ₹7,091,376. Pending completion of assessment proceedings for the said year, the same is being shown as current liability.

The Company has received advance amount from Banks for centralise Promotion of IMPS. The balance amount at the year-end is as follows:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Received During the year	9,050,000	-
Less : Expenses towards Centralised Promotion of IMPS	3,387,120	-
Closing Balance as on March 31, 2013	5,662,880	-

## 2.7. Short Term Provisions

Short-term provisions consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
Provision for Expenses	34,862,520	31,222,223
Provision - Leave Encashment	6,748,257	3,616,839
<b>Total</b>	<b>41,610,777</b>	<b>34,839,062</b>

## 2.8. Tangible & Intangible Assets

NOTES : 2.8		COST			DEPRECIATION				WDV	
Asset Group	As at 01/04/2012	Addition	Deletion	As on 31/03/2013	As on 01/04/2012	For the period	Deletion	As on 31/03/2013	As on 31/03/2013	As on 01/04/2012
<b>Tangible</b>										
COMPUTERS	18,812,224	8,414,555	306,594	26,920,185	5,310,034	7,567,276	101,509	12,775,801	14,144,384	13,502,190
NETWORK EQ	226,878,901	57,453,588		284,332,489	41,399,438	87,510,495		128,909,933	155,422,556	185,479,463
SWITCHING EQ	402,622,355	74,570,238		477,192,593	85,860,931	142,307,877		228,168,808	249,023,785	316,761,424
FURNITURE & FIXTURE	10,791,547	8,213,729		19,005,276	4,721,964	7,421,112		12,143,076	6,862,200	6,069,583
ELECTRICAL INSTALLATION	883,201	8,646,129		9,529,330	250,351	940,108		1,190,459	8,338,871	632,850
TELEPHONE	1,375,873	251,861	61,900	1,565,834	547,531	291,290	6,908	831,913	733,921	828,342
OFFICE EQUIPMENT	11,979,352	4,077,052	443,250	15,613,154	1,014,424	2,482,897	67,400	3,429,921	12,183,233	10,964,929
VEHICLE	1,057,731			1,057,731	87,357	209,039		296,396	761,335	970,374
LEASE HOLD IMPROVEMENTS	8,156,768	17,130,210	217,739	25,069,239	238,370	6,388,622	46,729	6,580,263	18,488,976	7,918,398
<b>Intangible</b>	<b>682,557,952</b>	<b>178,757,362</b>	<b>1,029,483</b>	<b>860,285,831</b>	<b>139,430,400</b>	<b>255,118,716</b>	<b>222,546</b>	<b>394,326,570</b>	<b>465,959,261</b>	<b>543,127,553</b>
SOFTWARE	262,154,738	131,959,149		394,113,887	60,988,679	103,120,700		164,109,379	230,004,508	201,166,059
<b>Grand Total</b>	<b>944,712,690</b>	<b>310,716,511</b>	<b>1,029,483</b>	<b>1,254,399,718</b>	<b>200,419,078</b>	<b>358,239,416</b>	<b>222,546</b>	<b>558,435,949</b>	<b>695,963,769</b>	<b>744,293,611</b>
As at 31-Mar-2012	256,718,543	688,446,146	451,999	944,712,690	36,578,510	163,892,411	51,841	200,419,078		744,293,611
<b>Capital WIP</b>		<b>31-Mar-13</b>	<b>31-Mar-12</b>							
Capital WIP - IT		13,449,478	11,936,789							
Capital WIP- Accrual E-Com Project		25,589,443	-							
Capital WIP - NPCI NET		22,029	-							
Capital WIP-Office Infrastructure		-	30,400,235							
<b>Total CWIP</b>		<b>39,060,950</b>	<b>42,337,024</b>							

## 2.9. Non-Current Investments

Particulars		As at	As at
		31-Mar-13	31-Mar-12
<b>Quoted Investment (at cost)</b>		₹	₹
G-Sec 8.19% 2020 (Maturity date 16th Jan 2020)		9,980,000	-
		<b>9,980,000</b>	-
<b>Value of Quoted Investment</b>			
At Cost	9,980,000		-
At Market price as on 31 <sup>st</sup> March 2013	10,133,000		-

## 2.10. Other Non-Current Assets

Other Non-Current Assets consist of the following:

Particulars		As at	As at
		31-Mar-13 (₹)	31-Mar-12(₹)
Group Leave Encashment Scheme		2,493,346	1,076,816
Group Gratuity Scheme		4,821,750	2,802,328
Security Deposit - Premises & Utility Deposit		18,514,820	17,914,820
MAT Credit Entitlement		-	34,400,000
Advances to Staff - Leave & License deposit		65,726	-
<b>Total</b>		<b>25,895,642</b>	<b>56,193,964</b>

The Company contribute all ascertained liabilities towards Gratuity & Leave encashment to policy of LIC of India.

Security deposit represents and relates principally to leased office premises and utilities like Electricity supplies etc.

MAT credit entitlement has been utilised during the year as eligible as per the provisions of the Income Tax Act, 1961.

## 2.11. Cash & Bank Balance

Cash & Bank Balances consist of the following:

Particulars	As at	As at
	31-Mar-13	31-Mar-2012
<b>(A) Cash &amp; Cash Equivalents</b>	₹	₹
Cash in hand	12,280	873
Balance with RBI Current account	110,000	110,000
<b>Balance with Scheduled Banks</b>		
- with Bank in Current account	23,017,424	7,106,856
- in Deposit accounts	-	-
with maturity less than 12 months	1,516,113,356	593,300,866
with maturity 12 months or more	25,480,000	20,500,000
<b>Sub Total</b>	<b>1,564,733,060</b>	<b>621,018,595</b>
<b>(B) Earmarked Deposits- SGM</b>		
with maturity less than 12 months	218,262,000	-
with maturity 12 months or more	150,000,000	-
<b>Sub Total</b>	<b>368,262,000</b>	<b>-</b>
<b>Total</b>	<b>1,932,995,060</b>	<b>621,018,595</b>

The Deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point of time.

## 2.12. Trade Receivables

Trade Receivables for more than 6 months are Nil. Trade Receivables for less than 6 months are as per below.

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
Receivables for Transaction charges / Network Recoveries	54,681,980	16,150,351
<b>Total</b>	<b>54,681,980</b>	<b>16,150,351</b>

### 2.13. Short term loans & Advances

Short-term loans & Advances consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
Advances to Vendors	4,111,693	1,264,545
Advances to Employees - Leave & License deposits	573,044	746,810
Advances to Employees	192,238	114,913
Interest Accrued on deposits (includes interest on earmarked deposits)	34,061,547	18,686,411
Advance to Others	439,923	-
<b>Total</b>	<b>39,378,445</b>	<b>20,812,679</b>

### 2.14. Other Current Assets

Other Current Assets consist of the following:

Particulars	As at	As at
	31-Mar-13(₹)	31-Mar-12(₹)
Prepaid Expenses	7,589,202	14,426,420
CENVAT Credit	15,854,241	5,996,370
Excise Input credit	154,917	-
Advance Income Taxes - FY 2012-13 (Net)	7,403,727	-
Advance Income Taxes - FY 2011-12 (Net)	3,729,052	4,844,340
Advance Income Taxes - FY 2010-11 (Net)	391,034	391,034
Advance Income Taxes - FY 2009-10 (Net)	815,705	815,705
Advance Premium to Insurance Companies	559,936	230,893
<b>Total</b>	<b>36,497,813</b>	<b>26,704,761</b>

Advance Premium to Insurance Companies represents deposit maintained with Insurance Company for Insurance Premium of Assets procured during the year.

### 2.15. Other Income

Other Income consist of the following:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Interest Income on deposits	107,877,700	66,877,421
Interest Income on SGM	20,510,428	-
Interest Income on G- Sec 8.19%	309,400	-
Other Charges	1,148,014	2,225,000
Liquidated damages recovered	2,009,381	16,414,237
<b>Total</b>	<b>131,854,923</b>	<b>85,516,658</b>

Income from Liquidated damages is for non-performance of contract terms by the vendors.



## 2.16. Operating Expenses

Operating Expenses consist of the following:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Hosting Charges *	22,353,552	85,411,028
Network Expenses #	73,713,451	54,751,141
Power & Fuel	7,126,743	5,393,780
Annual Maintenance Charges - IT	36,891,785	12,553,665
Shifting Charges	468,742	4,552,024
Trademark Registration Charges	515,055	1,763,611
NFS Development Charges	4,500,000	5,731,600
Testing & Certification Charges **	31,604,068	1,061,880
Hire & Rental Charges- IT	509,313	-
USSD Integration Expenses	455,720	-
Facility Management	-	6,395,519
IMPS Settlement Charges	-	987,683
NFS Settlement Charges	-	2,834,200
IIN Issuance Expenses	-	9,678,690
<b>Total</b>	<b>178,138,429</b>	<b>191,114,821</b>

\* Hosting charges paid to IDRBT discontinue w.e.f. October 2011.

\*\* Testing & Certification charges represents cost of certification services provided to Banks & other associates related to Company's product & services.

# Network Expenses consist of the followings:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Network Expenses	14,544,500	8,373,324
Network Expenses - CTS (Own)	19,126,837	17,720,643
Network Expenses - CTS (Banks)	14,104,752	4,662,965
Network Expenses- NFS	25,937,362	23,994,209
<b>Total</b>	<b>73,713,451</b>	<b>54,751,141</b>

## 2.17. Employee Benefits Cost

2.17.1. Employee Benefits Cost consist of the followings :

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Salary & Allowances	243,293,087	176,001,137
Contribution to Employee Benefits	15,043,997	11,051,174
Outsourcing - IT Manpower	14,584,529	4,675,336
Staff Welfare	3,729,858	2,649,742
Deputation Expenses	3,856,874	3,731,533
<b>Total</b>	<b>280,508,345</b>	<b>198,108,922</b>

### 2.17.2. Gratuity

Disclosure as required by Accounting Standard 15 on Employee Benefits in respect of Gratuity:

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

	Description	2012-13 (₹)
<b>A</b>	<b>Expense recognised in the statement of Profit &amp; Loss Account for the year</b>	
	Current Service Cost	1,708,755
	Interest Cost	178,182
	Expected return on plan assets	(241,000)
	Net Actuarial (gain) / loss recognised during the year	25,663
	Total Expense to be recognised in Profit & Loss Account	1,671,600
	<b>Expense Accounted for the year</b>	<b>1,671,600</b>
<b>B</b>	<b>Actual return on plan assets</b>	
	Expected return of plan assets	241,000
	Actuarial gain / (loss) on plan assets	141,399
	Actual return of plan assets	382,399
	<b>Net Asset / (Liability) recognised in the Balance Sheet</b>	
	Present value of obligation	(4,150,261)
	Fair value of plan assets	4,821,750
	Funded status { surplus / (deficit) }	671,489
<b>C</b>	<b>Net Asset / (Liability) recognised in the Balance Sheet</b>	<b>671,489</b>
	<b>Change in Present value of Obligation during the year</b>	
	Present value of obligation at the beginning of the year	2,096,262
	Current Service Cost	1,708,755
	Interest Cost	178,182
<b>D</b>	<b>Benefits Paid</b>	
	Actuarial (gain) / loss on obligation	167,062
	<b>Present value of obligation at the end of the year</b>	<b>4,150,261</b>
	<b>Change in Assets during the year</b>	
	Fair value of plan assets at the beginning of the year	2,802,328
	Expected return on plan assets	241,000
	Contributions made	1,637,023
<b>E</b>	<b>Benefits Paid</b>	
	Actuarial (gain) / loss on plan assets	141,399
	<b>Fair value of plan assets at the end of the year</b>	<b>4,821,750</b>
	<b>Major categories of plan assets as a percentage of total plan</b>	
	<b>Actuarial Assumptions</b>	
	Discount rate	8.00%
	Expected rate of return on assets	8.70%
<b>F</b>	<b>Employee Attrition Rate</b>	<b>14.00%</b>
<b>G</b>	<b>Future salary increases consider inflation, seniority promotion</b>	<b>6.00%</b>

**2.18. Administrative & Establishment Expenses**

Administrative and Establishment expenses consist of the following:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Telephone and Communication Expenses	10,047,572	5,969,569
Travelling and Conveyance Expenses	20,320,518	16,312,280
Travel Expenses - Overseas	13,026,223	3,732,332
Travel Expenses - Directors	2,740,198	593,482
Internet Expenses - Directors	978,680	-
Sitting Fees to Directors	1,356,000	600,000
Rent Rates and Taxes	39,420,243	27,641,072
Power and Fuel	8,183,120	3,672,987
Meeting Expenses	8,902,004	7,675,309
Catering Charges	305,257	1,697,041
Internal Audit Fees	540,000	405,000
Insurance	3,062,531	4,058,426
Periodicals & Newspaper	121,024	86,610
Postage and courier	441,847	287,509
Housekeeping	3,330,747	1,857,038
Office Maintenance	2,626,031	1,598,099
Printing and Stationery	2,529,453	2,214,940
Hire & Rental Equipment	350,459	1,456,146
Computer Consumables	3,619,340	2,359,128
Employer - Profession Tax	2,500	2,500
Repair & Maintenance Charges	404,737	829,174
Security Charges	1,784,663	620,644
Staff Relocation Expenses	725,085	845,955
<b>Total</b>	<b>124,818,232</b>	<b>84,515,241</b>

## 2.19. Other Operating Expenses

Other Operating Expenses consist of the following:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Advertisement Expenses	5,018,976	6,844,294
Maketing Expenses - Rupay	34,774,160	-
Professional Fees *	15,043,056	31,828,565
Software & IT Expenses	4,517,342	1,966,560
Conference / Seminar /Study Visit - International	3,610,097	371,138
Training and Seminar	3,089,062	813,791
RFP Expenses	1,239,092	782,789
Membership Fees	766,985	481,636
Miscellaneous Expenses	276,740	274,082
Business Development Expenses	830,972	1,267,080
Subscription	120,489	367,861
Foreign Exchange Gain/Loss	53,706	56,396
Write- off of Assets	916,085	6,300
Write-off of Sundry Balances	2,193	-
Auditors' Fees **	175,000	115,000
Preliminary Expense written off #	-	9,065,940
Share Issue Expenses	401,000	-
Corporate Communication	460,756	-
CTS Training Fees	1,606	-
IMPS Promotional Expenses	239,339	-
Escrow Agent Fees	189,278	-
<b>Total</b>	<b>71,725,934</b>	<b>54,241,430</b>

### \* Professional Fees

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Professional Fees - Cards	7,473,030	22,058,444
Professional Fees-Switch	-	1,700,000
Professional Fees - Others	5,368,151	7,116,761
Professional Fees - IT	1,362,509	273,360
Professional Fees - NFS	389,366	
Honorarium Fees	450,000	680,000
	<b>15,043,056</b>	<b>31,828,565</b>

**\*\* Auditors' Fees**

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Statutory Audit Fees	100,000	50,000
Audit fees for Limited Review	75,000	50,000
Tax Audit Fees	-	15,000
<b>Total</b>	<b>175,000</b>	<b>115,000</b>

The Tax audit fees of ₹30,000 for the Financial Year 2012-2013 are included in Professional fees.

**# Preliminary Expenses**

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Opening balance	-	9,065,940
Preliminary expenses charged off during the year	-	9,065,940
<b>Closing balance (A-B)</b>	<b>-</b>	<b>-</b>

**2.20. Finance Charges**

Finance charges consist of the following:

Particulars	Year Ended	Year Ended
	31-Mar-13(₹)	31-Mar-12(₹)
Interest on Income Tax	588,000	1,542,000
Bank Charges	642,405	70,926
Interest on TDS	122,748	78,604
Interest on Service Tax	-	7,655
<b>Total</b>	<b>1,353,153</b>	<b>1,699,185</b>

Interest on TDS for the year FY 2012-13 includes ₹ 89,016 towards TDS assessment for F.Y 2011-12. The Company has not borrowed any funds during the Financial Year. The disclosure above is as per Guidance Note on 'Revised Schedule VI reporting' issued by ICAI.

Bank charges include an amount of ₹ 575,036 for availing of Line of credit from banks for the Settlement Guarantee mechanism as defined in the guidelines approved by RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated April 11, 2012.

**2.21. Related Party disclosures**

Related Party with whom the transactions have taken place during the Financial Year.  
Key Management Personnel - Shri A. P. Hota, Managing Director and CEO.

Particulars	Year Ended	Year Ended
	31-Mar-13 (₹)	31-Mar-12 (₹)
Salary & Allowances	7,174,496	6,531,266
Contribution to Provident fund	343,500	328,740
Perquisites	59,248	145,929
<b>Total</b>	<b>7,577,244</b>	<b>7,005,935</b>

## 2.22. Earnings per share

Earnings per share is as follows:

Particulars	Year Ended	Year Ended
	31-Mar-13 (₹)	31-Mar-12 (₹)
Net Surplus as per Income & Expenditure account	322,002,171	254,795,088
Weighted average number of equity shares	8,666,667	6,000,000
<b>Basic EPS (Face Value ₹100 per equity share)</b>	<b>37.15</b>	<b>42.47</b>
<b>Diluted EPS (Face Value ₹ 100 per equity share)</b>	<b>37.15</b>	<b>42.47</b>

## 2.23. Segment Reporting

The Company's operations comprise of only one segment relating to Retail Payment Systems in India. Accordingly, disclosures required under Accounting Standard 17 - "Segment Reporting" is not applicable to the Company.

## 2.24. Contingent Liabilities & Commitments

Contingent liabilities and commitments (to the extent not provided for)	Year Ended	Year Ended
	31-Mar-13 (₹)	31-Mar-12 (₹)
(i) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	974,234,951	401,332,419
(b) Revenue commitments	368,828,202	60,210,844
<b>Sub Total</b>	<b>1,343,063,153</b>	<b>461,546,263</b>
(ii) Contingent Liabilities		
Amount not acknowledged as debt	89,38,000	8,938,000
Income Tax demand for AY 2010-2011	46,607,650	-
<b>Sub Total</b>	<b>55,545,650</b>	<b>8,938,000</b>
<b>Total</b>	<b>1,398,608,803</b>	<b>470,481,263</b>

Amount not acknowledged as debt - ₹8,938,679. 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 ₹18,120,739 payable to some of its Hardware & Software vendors. Of this, an amount of ₹8,938,679 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.

During the year, the Assistant Director of Income Tax (Exemption)-II(2) , Mumbai had passed an order under section 143(3) of the Income Tax Act, 1961 for the Assessment Year 2010-11, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are not commercial in nature and is hit by the provisions of section 2(15) and section 13(1)( c)(ii) of the Income Tax Act, 1961 and issued notice of demand u/s.156 of the Income Tax Act, 1961 for recovery of additional Income Tax of ₹83,174,830. The Management and the Tax Consultant are of the opinion that the objects of the company are not commercial in nature and is eligible to claim the exemption u/s.11 and 12 of the Income Tax Act, 1961 and thus have preferred an appeal before the Commissioner of Income Tax (Appeals)-I, Mumbai against the assessment order, which is pending.

The Company has also filed a rectification under Section 154 and the rectification order is pending. In the opinion of the Tax Consultant and as advised, the company is eligible for the claim for exemption u/s.11 and 12 of the Income Tax Act, 1961 and hence the Management has not provided additionally for the said demand pending disposal of the Appeal and Rectification order. The amount of ₹46,607,650 stated in Contingent liabilities pertain to the credit not given for Advance Tax of ₹26,945,705, Self-Assessment Tax of ₹ 7,870,000, and incorrect interest liability computed by the ITO.

## 2.25. Expenditure in Foreign Currency

Particulars	Year Ended	Year Ended
	31-Mar-13 (₹)	31-Mar-12 (₹)
Foreign Travel Expenses	7,513,508	1,461,377
Membership Fees & Subscription	407,906	2,376,422
Training Fees	712,000	-
Conference	672,322	79,292
Email Hosting Charges	2,042,043	1,201,937
Trademark Registration	515,055	1,763,611
Software Application	201,413	3,237,006
Capital WIP (E Commerce Solution )	25,589,443	-
Foreign Exchange Fluctuation	53,706	-
<b>Total</b>	<b>37,707,398</b>	<b>10,119,645</b>



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

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

		Particulars	As at 31 <sup>st</sup> March 2013 (₹)	As at 31 <sup>st</sup> March 2012 (₹)
a	(i)	Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	10,343	3,150
	(ii)	Interest due on above	-	-
		Total	10,343	3,150
b		Amount of Interest paid by the buyer in terms of Section 15 of the Act, along with amount of payment made beyond the appointed date during the year.	-	-
c		Amount of interest accrued and remaining unpaid at the end of the financial year.	-	-
d		Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
e		Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

## 2.27. Provision for Tax

The Company was been incorporated as a 'Not for Profit Company' under Section 25 of the Companies Act, 1956 and was granted registration under Section 12AA of the Income Tax Act 1961 by the Office of Director of Income Tax (Exemptions). The Company was granted license by RBI under Payment and Settlement Systems Act, 2007 to operate the Retail Payment System in India. Honourable Finance Minister while presenting the PSS bill on the floor of Parliament had committed that NPCI would be set up as a Not for Profit Company and no profit will be distributed as dividend to any shareholder but would be ploughed back to further the objectives of the Company.

As per Memorandum and Articles of Association of the Company, no objects shall be carried out on a commercial basis. The Management is of the view that the income received while implementing the Retail Payment System is only incidental as the Company has not carried out the same on commercial basis. However as a matter of prudence, the Management had decided to pay Income tax and claim refund of the tax paid. In a view of same, the Management had decided to make a provision towards tax liability. Accordingly, an amount of ₹ 158,040,000 has been provided during the year ended 31<sup>st</sup> March 2013 (previous year ₹ 129,500,000) being the amount of Income Tax computed under the provisions of the Income Tax Act 1961 including deferred tax expense of ₹ 1,100,000 and ₹ 85,900,000 for FY 2012-13 and 2011-12 respectively.