

Annexure 1

INDEPENDENT AUDITOR'S REPORT

To the Members 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 March 31, 2014, the statement of Income and 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 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") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 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 March 31, 2014;
- b. In the case of the Statement of Income and Expenditure, of the surplus for the year ended on that date; and
- 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 on 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 and 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 and expenditure, and cash flow statement

comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

- v. As per information and explanation given to us the Central Government has, until date, not prescribed any cess payable under section 441A of the Companies Act, 1956; and
- vi. On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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. 038404

Place: Mumbai
Date: May 21, 2014

NATIONAL PAYMENTS CORPORATION OF INDIA			
(COMPANY LIMITED BY SHARES UNDER SECTION 25 OF THE COMPANIES ACT, 1956)			
CIN : U74990MH2008NPL189067			
BALANCE SHEET AS AT MARCH 31, 2014			
		As at	
	Notes	31-Mar-2014	31-Mar-2013
		Rs.	Rs.
Equity and Liabilities			
Shareholders' funds			
Share Capital	2.1	1,000,000,000	1,000,000,000
Reserves & Surplus	2.2	1,511,793,978	950,917,513
Non-current liabilities			
Deferred Tax Liabilities (Net)	2.3	106,700,000	109,700,000
Other Long term Liabilities	2.4	480,336,449	430,320,260
Current liabilities			
Trade Payables	2.5	89,690,223	107,607,923
Other Current Liabilities	2.6	196,273,141	194,052,977
Short-term provisions	2.7	215,567,939	41,610,777
TOTAL		3,600,361,730	2,834,209,450
Assets			
Non-current assets			
Fixed assets (Net)			
Tangible assets	2.8	439,749,006	465,959,261
Intangible assets	2.8	363,798,346	230,004,508
Capital work-in-progress	2.8	11,422,130	39,060,950
Non-current Investments	2.9	559,412,947	378,242,000
Other non-current assets	2.10	42,709,753	29,824,908
Current assets			
Cash & Cash Equivalents	2.11	1,966,224,708	1,564,733,060
Trade Receivables	2.12	144,820,821	54,437,771
Short-term loans & advances	2.13	4,025,230	5,316,898
Other Current Assets	2.14	68,198,789	66,630,094
TOTAL		3,600,361,730	2,834,209,450
Significant Accounting Policies & Notes on Accounts	1 & 2		

As per our report attached
For SHAH & SAVLA

For and on behalf of Board of Directors

CHARTERED ACCOUNTANTS
Registration No. 109364W

Balachandran M.
Chairman

Deena Mehta
Director

Mullesh Savla

A.P. Hota
Managing Director & CEO

Sanjay Saxena
Chief Financial Officer

MEMBERSHIP NO : 038404
PARTNER

Anjalee Javeri
Company Secretary

PLACE: MUMBAI
DATE: 21st May 2014

NATIONAL PAYMENTS CORPORATION OF INDIA CIN : U74990MH2008NPL189067 INCOME & EXPENDITURE ACCOUNT FOR PERIOD ENDED 31st MARCH 2014			
Particulars	Notes	Year ended	
		31-Mar-14	31-Mar-13
		Rs.	Rs.
INCOME			
Income from Operations		216,911,4950	1,362,748,211
Other Income	2.15	201,794,470	131,854,923
TOTAL INCOME		2,370,909,420	1,494,603,134
EXPENDITURE			
Operating Expenses	2.16	233,097,720	173,638,429
Employee benefits cost	2.17	374,351,143	277,233,700
Administrative & Establishment Expenses	2.18	155,961,409	124,467,657
Other Operating Expenses	2.19	202,447,936	79,851,154
Finance Charges	2.20	3,226,236	1,353,153
Prior Period Expenses	2.21	6,816,595	-
Depreciation and Amortisation Expenses	2.8	505,011,817	358,016,870
TOTAL EXPENDITURE		1,480,912,856	1,014,560,963
SURPLUS/(DEFICIT) BEFORE TAX		889,996,564	480,042,171
PROVISION FOR TAXATION			
- Current Tax		310,000,000	122,540,000
- MAT Credit Entitlement		-	34,400,000
- Deferred Tax		-3,000,000	1,100,000
SURPLUS/(DEFICIT) AFTER TAX		582,996,564	322,002,171
Basic Earning Per Share (Rs.)	2.22	58.30	37.15
Diluted Earnings per Share (Rs.)		58.30	37.15

As per our report attached
For SHAH & SAVLA

CHARTERED ACCOUNTANTS
Registration No. 109364W

Mullesh Savla

MEMBERSHIP NO : 038404
PARTNER

PLACE: MUMBAI
DATE: 21st May 2014

For and on behalf of Board of Directors

Balachandran M.
Chairman

A.P. Hota
Managing Director & CEO

Anjalee Javeri
Company Secretary

Deena Mehta
Director

Sanjay Saxena
Chief Financial Officer

NATIONAL PAYMENTS CORPORATION OF INDIA CIN : U74990MH2008NPL189067 CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014				
Particulars		(Amount in Rs.)		
		For the Year ended		
		31st March, 2014	31st March, 2013	
(A)	Cash flow from operating activities			
	Profit Before Tax	889,996,564	480,042,171	
	Add: <u>Adjustments for</u>			
	Depreciation	505,011,817	358,016,870	
	Provision for Employee Benefits	6,281,566	5,185,417	
	Fixed assets written off	158,429	-	
	Share Issue expenses	-	401,000	
	Less: <u>Adjustments for</u>			
	Interest Income Earned	(192,084,476)	(128,697,527)	
	Operating Profit Before Working Capital Changes	1,209,363,900	714,947,931	
	<u>Adjustments for</u>			
	(Increase) / Decrease in Trade & other receivables	155,157,503	139,906,683	
	Increase/ (Decrease) in Trade & other payables	(130,125,849)	290,232,676	
	Cash Generated from Operations	1,234,395,554	1,145,087,290	
	Income Tax paid	279,108,512	29,641,262	
	Net Cash flow / (Used in) Operating Activities (A)	955,287,043	1,115,446,028	
(B)	Cash flow from investing activities			
	Purchase of Fixed Assets	(585,115,010)	(306,410,955)	
	Placement of Fixed Deposits(Earmarked SGM deposit)	(31,170,947)	(378,242,000)	
	Placement of Fixed Deposits with banks	(282,906,844)	(938,090,355)	
	Purchase of Treasury Bills	(275,674,130)	-	
	Redemption proceeds of Treasury Bills	283,550,000	-	
	Interest received	204,614,692	113,322,392	
	Net Cash flow / (Used in) Investing Activities (B)	(686,702,238)	(1,509,420,918)	
(C)	Cash flow from financing activities			
	Proceeds from issuance of share capital	-	400,000,000	
	Share Issue Expenses	-	(401,000)	
	Net Cash flow / (Used in) Financing Activities (C)	-	399,599,000	
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	268,584,804	5,624,110	
	Cash and Equivalents - Opening Balance	23,139,704	17,515,594	
	Cash and Equivalents - Closing Balance	291,724,508	23,139,704	
	Net Increase/(Decrease) in Cash and Cash Equivalents	268,584,804	5,624,110	
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 confirm to current year's presentation wherever necessary.			
3	The placement of Deposits has been shown at net level.			

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

Mullesh Savla
MEMBERSHIP NO : 038404
PARTNER
PLACE: MUMBAI
DATE: 21st May, 2014

For and on behalf of Board of Directors

Balachandran M.
Chairman

A. P. Hota
Managing Director & CEO

Anjalee Javeri
Company Secretary

Deena Mehta
Director

Sanjay Saxena
Chief Financial Officer

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 Aadhar 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 costs 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 & Intangible Fixed Assets

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

Nature of Assets	Depreciation Rate
Tangible Assets	
Network Equipment / Switching Equipment	33.33%
Plant and Machinery / Office Equipment	15.00%
Computers and Printers	33.33%
Furniture and Fittings	15.00%
Vehicles	20.00%
Leasehold Improvements*	33.33%
Intangible Assets	-
Software	33.33%

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

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. Investments

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 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. Employee Benefits

1.10.1. 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.

1.10.2. 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.

1.10.3. 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.

1.11. 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.

1.12. 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 (Amount in ₹)

2.1. Share Capital

Particulars	As at 31-Mar-14	As at 31-Mar-13
Authorized		
30,000,000 Equity Shares of ₹100 each	3,000,000,000	3,000,000,000
Issued Subscribed and Paid Up :		
10,000,000 Equity Shares of ₹100 each Fully paid up	1,000,000,000	1,000,000,000
Total	1,000,000,000	1,000,000,000

2.1.1 Reconciliation of Shares Outstanding at the Beginning and End of the period ended 31st March 2014

Particulars	Equity Shares			
	As at 31-Mar-14		As at 31-Mar-13	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	10,000,000	1,000,000,000	6,000,000	600,000,000
Shares Issued during the reporting period	-	-	4,000,000	400,000,000
Shares outstanding at the end of the reporting period	10,000,000	1,000,000,000	10,000,000	1,000,000,000

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-Mar-14		As at 31-Mar-13	
	No. of Shares held	% of holding	No. of Shares held	% of Holding
State Bank of India	1,000,000	10	1,000,000	10
Union Bank of India	1,000,000	10	1,000,000	10
Bank of India	1,000,000	10	1,000,000	10
Bank of Baroda	1,000,000	10	1,000,000	10
Punjab National Bank	1,000,000	10	1,000,000	10
Canara Bank	1,000,000	10	1,000,000	10
ICICI Bank Limited	1,000,000	10	1,000,000	10
HDFC Bank Limited	1,000,000	10	1,000,000	10
HSBC Limited	1,000,000	10	1,000,000	10
Citibank N.A	1,000,000	10	1,000,000	10

2.2. Reserves and Surplus

Reserves & Surplus	As at 31-Mar-14	As at 31-Mar-13
Settlement Guarantee Reserve		
Opening Balance	-	250,000,000
Amount Transferred/ (Written Back) To Income & Expenditure Account	-	(250,000,000)
Sub total	-	-
Income & Expenditure Account		
Surplus/(Deficit) Brought Forward From Balance Sheet	950,917,513	391,356,105
Surplus/(Deficit) For The Period After Tax	582,996,564	322,002,171
APPROPRIATION:		
Settlement Guarantee Reserve Transferred / (Written Back)	-	250,000,000
Transfer to SGM	(22,120,099)	(12,440,763)
Sub total	1,511,793,978	950,917,513
Total	1,511,793,978	950,917,513

2.3. Deferred Tax (Net)

As a matter of prudence, the Management provides for taxes. There is a reversal of Deferred Tax provision of ₹ 3,000,000 for the period ended 31st March 2014, thus decreasing the deferred tax liability to ₹ 106,700,000 (Previous year ₹ 109,700,000).

The components of net deferred tax asset/ liability are as under:

Deferred Tax (Net)	As at 31-Mar-14	As at 31-Mar-13
Deferred Tax Liability		
Fixed Assets	106,700,000	110,709,033
Deferred Tax Asset	-	-
Preliminary Expenses	-	(1,009,033)
Total	106,700,000	109,700,000

2.4. Other Long Term Liabilities

Other Long-term liabilities consist of the following:

Other Long term liabilities	As at 31-Mar-14	As at 31-Mar-13
SGM Contribution	403,422,862	381,202,763
Deposit- Collateral AEPS	8,500,000	7,000,000
Deposit - Collateral IMPS	58,000,000	35,500,000
Deposit - Collateral RuPay (Net)	2,543,159	2,467,216
Deposit - NFS (White Label ATM Operators)	500,000	-
Provision - Gratuity	7,370,428	4,150,281
Total	480,336,449	430,320,260

RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated April 11, 2012 had given consent for the Settlement Guarantee Mechanism Guidelines proposed by the Company. In line with the guidelines, the Company has collected from banks availing NFS services as deposits towards the Settlement Guarantee Mechanism. As a part of risk management of Settlement Guarantee Mechanism an amount of ₹ 368,862,000 has been collected as contribution from the Banks. The amount of SGM contribution including the interest (net of expenses) earned on the said balance, as on 31st March 2014 is ₹ 403,422,862. The SGM Contribution is placed as earmarked Fixed deposits. The surplus income earned on these earmarked investments (net off SGM expenses and the Income tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM contribution as on 31st March 2014 is as follows:

Particulars	As at	As at
	31-Mar-14	31-Mar-13
SGM Balance at the beginning	381,202,763	-
Interest on SGM Investments	35,089,717	20,510,428
Less: SGM Expenses (Bank charges)	10,000	575,036
Less: Salary allocated to SGM	1,569,492	1,519,637
Sub total	414,712,988	18,415,755
Less: Income Tax	11,390,126	5,974,992
Net transferred during the year	403,322,862	12,440,763
SGM contribution received during the year	100,000	368,762,000
SGM Balance at the end	403,422,862	381,202,763

2.5. Trade Payables

Trade Payables consist of the following:

Trade Payables	As at	As at
	31-Mar-14	31-Mar-13
Sundry Creditors	85,790,223	103,807,923
Earnest Money Deposit	3,900,000	3,800,000
Total	89,690,223	107,607,923

2.6. Other Current Liabilities

Other Current Liabilities consist of the following:

Other Current Liabilities	As at	As at
	31-Mar-14	31-Mar-13
Statutory Liabilities	34,671,470	19,595,478
Retention Monies	484,400	484,400
Security Deposit	194,801	194,801
Income Tax Refund AY 2010-11 (Net)	18,067,180	36,567,180
Income Tax Refund AY 2011-12	131,482,410	131,482,410
ECCS Escrow Account	4,174	1,576
Other Payables	884,597	64,252
Advance for Centralised Promotion of IMPS (Net)	9,458,385	5,662,880
Income received in Advance	1,025,724	-
Total	196,273,141	194,052,977

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

Income Tax Refunds:

Assessment Year (AY) 2010-11

During the year 2012-13, 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 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 payment of Income Tax of ₹ 83,174,830. 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 disposal.

The Company has also filed a rectification under Section 154 and the rectification order has been received for revised demand of ₹ 36,959,710. NPCI has paid ₹ 18,500,000 against the demand and obtained stay order for ₹ 18,459,710.

The Company has shown the Income Tax refund, inclusive of interest on refund and net of payment against stayed demand of ₹ 18,500,000 under Other Current Liabilities. 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 to the extent of ₹ 392,530 demand pending disposal of the Appeal.

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.

Assessment Year (AY) 2011-12

During the year 2013-14, 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 2011-12, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are 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 payment of Income Tax of ₹ 176,294,880. 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 disposal.

The Company has also filed a rectification under Section 154 and the rectification order is yet to be passed by the Assessing Officer. As per the computation by the Company the tax demand would be ₹ 148,303,693.

The Company has shown the Income Tax refund of ₹ 131,482,410 (inclusive of Interest) under Other Current Liabilities. 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.

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.

Advance for Centralised Promotion of IMPS (Net)

The Company has received advance amount from Banks for **Centralise Promotion of IMPS**. The balance amount as at 31st March 2014 is as follows:

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Opening Balance	5,662,880	-
Received During the year	10,200,000	9,050,000
Less : Expenses towards Centralised Promotion of IMPS	6,404,495	3,387,120
Closing Balance	9,458,385	5,662,880

2.7. Short Term Provisions

Short-term provisions comprise the following:

Short-term provisions	As at 31-Mar-14	As at 31-Mar-13
Provision for Expenses	171,741,329	34,862,520
Provision - Leave Encashment	9,809,676	6,748,257
Provision for Income Tax - FY 2013-14 (Net)	34,016,933	-
Total	215,567,938	41,610,777

The movement in the Provision accounts is as follows:

Provision for Expenses

Particulars	As at	As at
	31-Mar-14	31-Mar-13
Balance at the beginning of the year	34,862,520	31,222,223
Provision during the year#	167,079,156	31,770,177
Provision utilised / reversed	(30,200,347)	(28,129,880)
Total	171,741,329	34,862,520

Provision for Leave encashment

Particulars	As at	As at
	31-Mar-14	31-Mar-13
Balance at the beginning of the year	6,748,257	3,616,839
Provision during the year	4,382,919	3,131,418
Provision utilised	(1,321,500)	-
Total	9,809,676	6,748,257

Provision for RuPay Issuer Incentive of ₹38,028,560

NPCI has come with incentive scheme for banks to issue RuPay card. The amount is linked to the card issuance based on fulfillment of certain criteria. The quantum of cards issued up to December 2013 is as per QCPR report and the quantum for March 2014 quarter has been arrived at based on estimations made by the Management. The amount of provision for RuPay issuer incentive is ₹ 38,028,560. Based on the judgment of the Management, it is expected that the banks will fulfill the criteria and accordingly the amount has been provided. This amount will be disbursed only after the stipulated criteria have been fulfilled by the banks issuing RuPay card.

2.8. Intangible & Tangible Assets

Fixed Assets Schedule (As per Companies Act)		(01-04-2013 - 31-03-2014)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					</
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2.9. Non-Current Investments

Non-Current Investment	As at 31-Mar-14	As at 31-Mar-13
Un Quoted Investment (at Cost)		
Earmarked Deposits- SGM	399,432,947	368,262,000
FD-HDFC Ltd (10%)	150,000,000	-
Quoted Investment (at Cost)		
G-Sec 8.19% 2020 (Maturity date 16th Jan 2020)	9,980,000	9,980,000
Total	559,412,947	378,242,000
Value of Quoted Investment		
At Market Price as on last traded date of Financial Year	9,637,688	10,133,000

2.10. Other Non-Current Assets

Other Non-Current Assets consist of the following:

Other Non-current assets	As at 31-Mar-14	As at 31-Mar-13
Group Leave Encashment Scheme	4,832,694	2,493,346
Group Gratuity Scheme	8,176,880	4,821,750
Security Deposit - Premises & Utility Deposit	25,870,820	18,514,820
Advances to Staff - Leave & License deposit	84,555	65,726
Interest Accrued on deposits (earmarked funds)	3,744,804	3,929,266
Total	42,709,753	29,824,908

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.

2.11. Cash & Bank Equivalents

Cash & Bank Balances consist of the following:

Cash and Bank Balances	As at 31-Mar-14	As at 31-Mar-13
(A) Cash & Cash Equivalents		
Cash in hand	11,762	12,280
Balance with RBI Current account	108,000	110,000
Sub Total	119,762	122,280
Balance with Scheduled Banks		
- with Bank in Current account (Own Fund)	17,920,613	23,017,424
- with Bank in Current account (Flexi)	684,133	-
- in Deposit accounts		
with maturity less than 3 months	273,000,000	-
with maturity more than 3 months but less than 12 months	1,348,000,200	1,516,113,356
with maturity more than 12 months	326,500,000	25,480,000
Sub Total	1,966,104,946	1,564,610,780
Total	1,966,224,708	1,564,733,060

2.12. Trade Receivables

Trade Receivables	As at 31-Mar-14	As at 31-Mar-13
For the period less than six months		
Receivables for Transaction charges	139,129,513	38,320,641
Receivables for Network recoveries	4,722,603	12,365,921
Receivables for Others	54,487	3,751,209
For the period more than six months		
Receivables for Network recoveries	240,058	-
Receivables for Others	674,160	-
Total	144,820,821	54,437,771

2.13. Short term loans & Advances

Short-term loans & Advances consist of the following:

Short term loans & Advances	As at 31-Mar-14	As at 31-Mar-13
Advances to Vendors	2,891,761	4,111,693
Advances to Employees - Leave & License deposits	870,166	573,044
Advances to Employees	236,419	192,238
Advance to Others	26,884	439,923
Total	4,025,230	5,316,898

2.14. Other Current Assets

Other Current Assets consist of the following:

Other Current Assets	As at 31-Mar-14	As at 31-Mar-13
Prepaid Expenses	18,068,408	7,589,202
CENVAT Credit	19,901,374	16,009,158
Interest Accrued on deposits (other than earmarked funds)	17,602,065	30,132,281
Advance Income Taxes - FY 2012-13 (Net)	7,427,013	7,403,727
Advance Income Taxes - FY 2011-12 (Net)	3,729,052	3,729,052
Advance Income Taxes - FY 2010-11 (Net)	391,034	391,034
Advance Income Taxes - FY 2009-10 (Net)	815,705	815,705
Deposit With Insurance Companies	264,138	559,936
Total	68,198,789	66,630,095

2.15. Other Income

Other Income consists of the following:

Other Income	Year ended 31-Mar-14	Year ended 31-Mar-13
Interest Income on deposits	156,175,759	107,877,700
Interest Income on earmarked SGM deposits	35,089,717	20,510,428
Interest Income on G- Sec 8.19%	819,000	309,400
Income on T-Bill	7,875,870	-
Other Charges	514,420	1,148,014
Liquidated damages	1,319,704	2,009,381
Total	201,794,470	131,854,923

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

2.16. Operating Expenses

Operating Expenses consist of the following:

Operating Expenses	Year ended	Year ended
	31-Mar-14	31-Mar-13
Hosting Charges	27,649,458	22,353,552
Network Expenses*	104,395,376	73,713,451
Power & Fuel	12,213,244	7,126,743
Annual Maintenance Charges - IT	57,963,137	36,891,785
Shifting Charges	131,961	468,742
Trademark Registration Charges	570,550	515,055
Testing & Certification Charges	29,433,795	31,604,068
Hire & Rental Charges- IT	268,512	509,313
USSD Integration Expenses	471,687	455,720
Total	233,097,720	173,638,429

* Network Expenses

The break-up of Network Expenses is as follows:

*Network Expenses	Year ended	Year ended
	31-Mar-14	31-Mar-13
Network Expenses	19,537,960	14,544,500
Network Expenses - CTS (Own)	25,816,679	19,126,837
Network Expenses - CTS (Banks)	19,603,580	14,104,752
Network Expenses- NFS	24,151,837	25,937,362
Network Expenses- FMS	15,285,320	-
Total	104,395,376	73,713,451

2.17. Employee Benefits Cost

2.17.1. Employee Benefits Cost consist of the followings:

Employee benefits cost	Year ended 31-Mar-14	Year ended 31-Mar-13
Salary & Allowances	327,975,239	240,018,442
Contribution to Employee Benefits	20,598,745	15,043,997
Outsourcing - IT Manpower	18,784,442	14,584,529
Staff Welfare	4,404,800	3,729,858
Deputation Expenses	2,587,917	3,856,874
Total	374,351,143	277,233,700

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	Year ended 31-Mar-14	Year ended 31-Mar-13
Expense recognised in the statement of Profit & Loss Account for the year		
Current Service Cost	2,382,708	1,708,755
Interest Cost	332,021	178,182
Expected return on plan assets	(419,492)	(241,000)
Net Actuarial (gain) / loss recognised during the year	301,073	25,663
Total Expense to be recognised in Profit & Loss Account	2,596,310	1,671,600
Expense Accounted for the year	2,596,310	1,671,600
Actual return on plan assets		
Expected return of plan assets	419,492	241,000
Actuarial gain / (loss) on plan assets	221,653	141,399
Actual return of plan assets	641,145	382,399
Net Asset / (Liability) recognised in the Balance Sheet		
Present value obligation	(7,370,408)	(4,150,261)
Fair value of plan assets	8,176,880	4,821,750
Funded status { surplus / (deficit) }	806,472	671,489
Net Asset / (Liability) recognised in the Balance Sheet	806,472	671,489

Description	Year ended	Year ended
	31-Mar-14	31-Mar-13
Change in Present value of Obligation during the year		
Present value of obligation at the beginning of the year	4,150,261	2,096,262
Current Service Cost	2,382,708	1,708,755
Interest Cost	332,021	178,182
Benefits Paid	(17,308)	
Actuarial (gain) / loss on obligation	522,726	167,062
Present value of obligation at the end of the year	7,370,408	4,150,261
Change in Assets during the year		
Fair value of plan assets at the beginning of the year	4,821,750	2,802,328
Expected return on plan assets	419,492	241,000
Contributions made	2,731,293	1,637,023
Benefits Paid	(17,308)	
Actuarial (gain) / loss on plan assets	221,653	141,399
Fair value of plan assets at the end of the year	8,176,880	4,821,750
Major categories of plan assets as a percentage of total plan		
Actuarial Assumptions		
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.70%	8.70%
Employee Attrition Rate	13.00%	14.00%
Future salary increases consider inflation, seniority promotion	6.00%	6.00%

2.18 Administrative & Establishment Expenses

Administrative and Establishment expenses consist of the following:

Administrative & Establishment Expenses	Year ended 31-Mar-14	Year ended 31-Mar-13
Telephone & Communication Expenses	11,823,027	10,047,572
Travelling & Conveyance Expenses	24,517,501	20,320,518
Travel Expenses - Overseas	8,895,102	13,026,223
Travel Expenses - Directors	2,070,544	2,740,198
Internet Expenses - Directors	31,078	978,680
Sitting Fees to Directors	1,590,000	1,356,000
Rent Rates & Taxes	65,228,129	39,069,668
Power & Fuel	6,648,063	8,183,120
Meeting Expenses	13,178,965	8,902,004
Internal Audit Fees	854,000	540,000
Insurance	3,052,107	3,062,531
Periodicals & Newspaper	142,024	121,024
Postage & courier	876,491	441,847
Housekeeping	3,330,177	3,330,747
Office Maintenance	3,967,831	2,626,031
Printing & Stationery	1,982,509	2,529,453
Hire & Rental Equipment	154,266	350,459
Computer Consumables	3,633,973	3,619,340
Staff Relocation Expenses	631,165	725,085
Catering charges	-	305,257
Employer - Profession Tax	2,500	2,500
Repair & Maintenance Charges	1,451,312	404,737
Security Charges	1,900,644	1,784,663
Total	155,961,409	124,467,657

2.19 Other Operating Expenses

Other Operating Expenses consist of the following:

Other Operating Expenses	Year ended 31-Mar-14	Year ended 31-Mar-13
Advertisement Expenses	3,808,427	5,018,976
Recruitment Expenses	3,054,729	3,274,645
Marketing Expenses - RuPay	78,386,566	34,774,160
RuPay Issuer Incentive	42,253,960	-
Business Development Expenses	810,668	5,330,972
Professional Fees *	46,332,482	15,043,056
Software & IT Expenses	2,336,098	4,517,342
Conference / Seminar /Study Visit - International	1,531,622	3,610,097
Training and Seminar	7,847,506	3,090,668
RFP Expenses	1,267,778	1,239,092
Membership Fees	692,757	766,985
Miscellaneous Expenses	1,095,351	276,740
Subscription	154,173	120,489
Foreign Exchange Gain/loss	16,908	53,706
Write- off of Asset	161,603	918,278
P2F Charges	10,198,261	350,575
Auditor's Fees	195,000	175,000
Share Issue Expenses	-	401,000
Corporate Communication	1,623,169	460,756
IMPS Promotional Expenses	486,590	239,339
Escrow Agent Fees	194,288	189,278
Total	202,447,936	79,851,154

* Professional Fees

Professional Fees	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Professional Fees - Cards	5,681,207	7,473,030
Professional Fees - Others	17,461,513	5,368,151
Professional Fees - IT	3,975,319	1,362,509
Professional Fees - NFS	-	389,366
Professional Fees-ITM Benchmarking	13,500,000	-
Professional Fees-Testing & Certification	5,224,443	-
Sub total	45,842,482	14,593,056
Honorarium Fees	490,000	450,000
Sub total	490,000	450,000
Total	46,332,482	15,043,056

2.20 Finance Charges

Finance charges consist of the following:

Finance Charges	Year ended 31-Mar-14	Year ended 31-Mar-13
Interest on Advance Tax Deferment	3,125,445	588,000
Bank Charges	100,455	642,405
Interest on TDS	336	122,748
Total	3,226,236	1,353,153

2.21 Prior Period Items

Particulars	Year ended 31-Mar-14	Year ended 31-Mar-13
Annual Maintenance contract	229,288	-
IMPS Promotional Expenses	979,529	-
Network Expenses	32,27,485	-
Outsourcing Cost - Support Services	737,188	-
Outsourced Non IT Manpower	255,000	-
Software & IT Expenses	612,400	-
Rent - Stylus	300,000	-
Internet Expenses	114,924	-
Telephone Expenses	132,760	-
Other	228,021	-
Closing Balance	68,16,595	-

2.22 Earnings per share

Particulars	Year Ended 31-Mar-14	Year Ended 31-Mar-13
Net Surplus as per Income & Expenditure account	582,996,564	322,002,171
Weighted average number of equity shares	10,000,000	8,666,667
EPS :		
(1) Basic EPS (Face value ₹ 100 per equity share)	58.30	37.15
(2) Diluted EPS (Face value ₹ 100 per equity share)	58.30	37.15

2.23 Related Party disclosures

Related Party with whom the transactions have taken place during the Financial Year.

Key Management Personnel - Mr A. P. Hota, Managing Director and CEO.

Particulars	Year Ended	Year Ended
	31-Mar-14	31-Mar-13
Salary & Allowances	6,937,910	6,474,496
PRIP	1,000,000	700,000
Contribution to Provident fund	367,920	343,500
Perquisites	-	59,248
Total	8,305,830	7,577,244

2.24 Segment Reporting

The Company's operations comprise of only one segment relating to Retail Payment Systems in India. The Financial Statements itself may be considered to be the segment result as per disclosure requirement of Accounting Standard 17 issued by The Institute of Chartered Accountants of India.

2.25 Contingent Liabilities & Commitments

Contingent liabilities and commitments (to the extent not provided for)	Year Ended	Year Ended
	31-Mar-14	31-Mar-13
(i) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,068,970,607	974,234,951
(b) Revenue commitments	444,800,136	368,828,202
Sub Total	1,513,770,743	1,343,063,153
(ii) Contingent Liabilities		
Amount not acknowledged as debt	8,938,000	8,938,000
Income Tax demand for AY 2010-2011	392,530	46,607,650
Income Tax demand for AY 2011-2012	3,912,660	-
Sub Total	13,243,190	55,545,650
Total	1,527,013,933	1,398,608,803

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.

Contingent Liability for Income Tax for AY 2010-11 and AY 2011-12

Assessment Year 2010-11:

During the financial year 2012-13, 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 and issued notice of demand u/s.156 of the Income Tax Act, 1961 for payment of Income Tax of ₹ 83,174,830/-. The Management and the Tax Consultant are of the same 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 had filed a letter for rectification under Section 154 and accordingly the rectified demand of ₹ 36,959,710/-. 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.

The Company has paid ₹ 18,500,000/- against the demand received and obtained stay order for ₹ 18,459,710/-. An amount of ₹ 392,530/-, being difference between the balance of tax demand and the Income tax refund shown under Other Current liability, is being shown as Contingent Liability.

Assessment Year 2011-12:

During the financial year 2013-14, 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 2011-12, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are 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 payment of Income Tax

of ₹ 176,294,880/-. 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 filed a letter for 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.

Without prejudice, the tax demand computed by the Company giving effect to the Assessment Order is ₹ 148,303,693/-. The Contingent liability of ₹ 3,912,660/- shown above represents the difference between the tax demand and amount of tax paid.

2.26 Expenditure in Foreign Currency

Particulars	Year Ended	Year Ended
	31-Mar-14	31-Mar-13
Foreign Travel Expenses	4,634,115	7,513,508
Membership Fees & Subscription	1,046,756	407,906
Training Fees	-	712,000
Conference	291,170	672,322
Email Hosting Charges	2,322,557	2,042,043
Trademark Registration	570,550	515,055
Software Application	5,510,487	201,413
Capital WIP (E Commerce Solution)	20,442,838	25,589,443
Escrow Agent Fees	194,288	-
Books and Periodicals	37,381	-
AMC - Software	481,890	-
Capital WIP - Software Application	1,244,904	-
Foreign Exchange Fluctuation	17,855	53,706
Total	37,136,692	37,707,398

2.27 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 st March 2014	As at 31 st March 2013
a	(i)	Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	154,188	10,343
	(ii)	Interest due on above	-	-
		Total	154,188	10,343
b		Amount of Interest paid by the buyer in terms of Section 15 of the Act, along with amount of payment made beyond the appointed date during the year.	-	-
c		Amount of interest accrued and remaining unpaid at the end of the financial year.	-	-
d		Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) buy without adding the interest specified under the Act.	-	-
e		Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Act.	-	-

2.28 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 ₹ 310,000,000 has been provided for the period ended 31st March 2014, being the amount of Income Tax computed under the provisions of the Income Tax Act 1961 and recognised deferred tax income of ₹ 3,000,000 as per the provision of Accounting Standard.