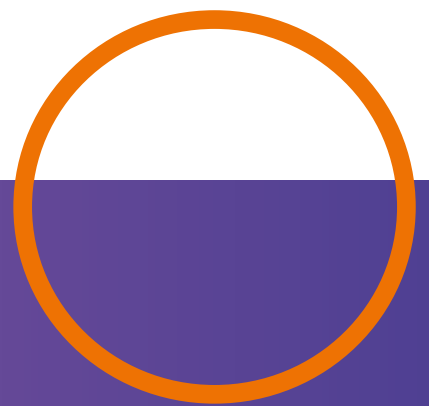


FINANCIAL STATEMENTS



Independent Auditor's Report

To
The Members of
National Payments Corporation of India

Report on the Audit of the Ind AS Financial Statements Opinion

We have audited the accompanying Ind AS financial statements of NATIONAL PAYMENTS CORPORATION OF INDIA ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Income & Expenditure, including the statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of cash flow year ended on that date, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises of the all information included in the Annual report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit / loss (including other comprehensive income), statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that

are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are Responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub- Section (11) of section 143 of the Act is not applicable to the company.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Income and Expenditure including the Statement of Other Comprehensive Income, Statement of Changes in Equity the and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

- (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the director is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) In our opinion, the managerial remuneration for the year ended 31st March 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 2.38 & 2.39 of Notes to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. In view of there being no amounts required to be transferred to the Investor Education and Protection Fund for the year under audit, the reporting under this clause is not applicable.

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

S. No.	Directions	Answer
1.	Whether the company has system in place to process all the accounting transactions through IT system(Tally ERP 9)? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<p>1) The Company has system in place to process all the accounting transactions through IT systems (Tally ERP 9) except for the following:-</p> <ul style="list-style-type: none"> • Maintenance of Fixed Asset register, Calculation of Depreciation of Property Plant and Equipment and amortization of Intangible assets is done through a separate software and the transactions are incorporated in the IT System with the help of the reports generated through the software. • Recognition and measurement of Lease Liability and right of use and depreciation of right to use asset in accordance with Ind-AS 116 and Recognition and measurement of Financial Assets in accordance with Ind-AS 109. • HR Related processing of data has been outsourced by the company to a third party. The processed data received by the company is then integrated with the main IT System. • Measurement of Operational Income is done through separate software which is not integrated with the IT system. Recognition of revenue in the IT system is being done through report generated from separate software. <p>Though manual controls are available with respect to the aforementioned functions, they may not suffice and the said functions are required to be routed through IT system.</p>

S. No.	Directions	Answer
2.	Whether there are any restructuring of an existing loan or cases of waiver / Write off of debts / loans / interest etc. made by lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.	Not Applicable Company has not availed any loan.
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Not Applicable There are no case of funds received /receivable for specific schemes from Central/state agencies.

For **BANSHI JAIN & ASSOCIATES**

Chartered Accountants

FRN: 100990W

Parag Jain

Partner

Membership No: 078548

UDIN: 20078548AAAACR3429

Place: Mumbai

Date: 20th May 2020

Annexure A to Independent Auditors' Report

(Referred to in Paragraph 2 (f) UNDER 'REPORT ON Other Legal and Regulatory Requirements' section of our report of even date')

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

1. We have audited the internal financial controls with reference to Ind AS Financial Statements of NATIONAL PAYMENTS CORPORATION OF INDIA ("the company") as of 31st March 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to Ind AS Financial Statements (the "Guidance Notes") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards, issued by ICAI on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013 to the extent applicable to an audit of internal financial controls, both are applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to the Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls With reference to Ind AS Financial Statements

6. A company's internal financial control with reference to Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS Financial Statements includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With reference to Ind AS Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to Ind AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS Financial Statements

to future periods are subject to the risk that the internal financial control with reference to Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS Financial Statements and such internal financial controls with reference to Ind AS Financial Statements were operating effectively as at 31st March 2020, based on the internal control with reference to Ind AS Financial Statements criteria established by

the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to Ind AS Financial Statements issued by the Institute of Chartered Accountants of India.

For **BANSHI JAIN & ASSOCIATES**

Chartered Accountants

FRN: 100990W

Parag Jain

Partner

Place: Mumbai

Date: 20th May 2020

Membership No: 078548

UDIN: 20078548AAAACR3429

Balance Sheet

as at 31st March, 2020

(Amount ₹ in Lakh)

Particulars	Sch.	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non-Current Assets			
a. Property, Plant & Equipments	2.1	29,008.36	24,753.32
b. Right to Use Assets	2.2	2,802.53	-
c. Capital Work-In-Progress	2.3	653.30	750.68
d. Intangible Assets	2.4	7,519.80	8,310.36
e. Intangible Assets under development	2.5	2,960.00	1,331.85
f. Financial Assets			
i. Non- Current Investments	2.6	23,091.54	18,168.49
ii. Trade Receivables	2.7	233.08	145.18
iii. Other Financial Assets	2.8	17,866.70	3,326.17
g. Other Non-Current Assets	2.9	4,097.74	215.11
Total Non-Current Assets		88,233.05	57,001.16
Current Assets			
a. Financial Assets			
i. Current Investments	2.10	21,043.77	11,322.16
ii. Trade Receivables	2.11	7,895.96	8,424.92
iii. Cash & Cash Equivalents	2.12	10,206.98	12,679.58
iv. Other Bank Balances	2.13	41,608.01	42,323.00
v. Other Financial Assets	2.14	83,246.42	46,367.76
vi. Current Tax Assets (net)	2.15	4,174.88	3,281.21
b. Other Current Assets	2.16	6,803.69	7,761.27
Total Current Assets		174,979.71	132,159.90
TOTAL ASSETS		263,212.76	189,161.06
EQUITY AND LIABILITIES			
Equity			
a. Equity Share Capital	2.17	13,386.70	13,386.70
b. Other Equity	2.18	152,992.52	114,122.82
Total Equity		166,379.22	127,509.52
Liabilities			
Non-Current Liabilities			
a. Financial Liabilities			
i. Other Financial Liabilities	2.19	60,944.42	37,461.98
b. Long Term Provisions	2.20	560.21	535.36
c. Deferred Tax Liabilities (net)	2.21	2,005.00	2,670.00
d. Other Non-Current Liabilities	2.22	-	45.36
Total Non-Current Liabilities		63,509.63	40,712.70
Current Liabilities			
a. Financial Liabilities			
i. Trade Payables Due to:			
- Micro and Small Enterprise		-	0.04
- Other than Micro and Small Enterprise	2.23	2,161.97	1,472.96
ii. Other Financial Liabilities	2.24	7,045.82	3,481.13
b. Provisions	2.25	23,436.70	13,925.76
c. Current Tax Liabilities (net)	2.26	679.42	2,058.95
Total Current Liabilities		33,323.91	20,938.84
TOTAL EQUITY AND LIABILITIES		263,212.76	189,161.06
Significant Accounting Policies & Notes on Accounts	1 & 2		

As per our report attached

For and on behalf of Board of Directors

For **Banshi Jain & Associates**

Chartered Accountants

Registration No.: 100990W

CA Parag Jain

Membership No: 078548

Partner

Biswamohan Mahapatra

Chairman

Dilip Asbe

Managing Director & CEO

Priyanka Agrawal

Company Secretary

Dr. Amitha Sehgal

Director

Rupesh H Acharya

Chief Financial Officer

Place : Mumbai

Date : 14th May 2020

Statement of Income and Expenditure

for the year ended 31st March, 2020

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31st March 2020	Year ended 31st March 2019
Income			
Revenue from Operations	2.27	109,946.93	90,157.07
Other Income	2.28	12,173.08	7,859.07
Total Income		122,120.01	98,016.14
Expenses			
Operating Expenses	2.29	8,198.88	7,766.85
Employee Benefits Expenses	2.30	15,678.17	14,862.14
Administrative and Establishment Expenses	2.31	2,303.27	3,000.41
Depreciation and Amortisation Expenses	2.32	12,720.78	9,216.86
Other Expenses	2.33	31,323.25	15,405.98
Total Expenses		70,224.35	50,252.24
Surplus Before Tax		51,895.66	47,763.90
Tax Expense			
Current Tax		13,800.00	16,900.00
Deferred Tax		(663.53)	204.94
Total Tax Expenses		13,136.47	17,104.94
Surplus for the period from continuing operations		38,759.19	30,658.96
Surplus for the period		38,759.19	30,658.96
Other Comprehensive Income			
(i) Items that will not be reclassified to Income and Expenditure		(69.34)	(65.65)
(ii) Income Tax relating to items that will not be reclassified to Income and Expenditure		1.48	22.94
Total		(67.86)	(42.71)
Total Comprehensive Income for the period		38,691.33	30,616.25
Earnings per equity share (for continuing operations)			
1 Basic earning per share (₹)	2.34	289.03	228.71
2 Diluted earnings per share (₹)		289.03	228.71

As per our report attached

For **Banshi Jain & Associates**

Chartered Accountants

Registration No.: 100990W

CA Parag Jain

Membership No: 078548

Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra

Chairman

Dr. Amitha Sehgal

Director

Dilip Asbe

Managing Director & CEO

Rupesh H Acharya

Chief Financial Officer

Place : Mumbai

Date : 14th May 2020

Priyanka Agrawal

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2020

(Amount ₹ in Lakh)

Particulars	Sch.	Year ended 31st March 2020	Year ended 31st March 2019
Cash flow from operation activities			
Net surplus before tax and extraordinary items		51,895.66	47,763.89
Adjustment to reconcile net profit to net cash by operating activities			
Depreciation		12,720.78	9,216.86
Provision for employee benefits		5.00	515.76
Fixed assets written off		2.83	283.01
Unrealised foreign exchange (gain) / loss (net)		6.05	11.17
Changes due to change in accounting policy / prior period adjustments		50.52	-
Less : Interest income earned		(10,321.39)	(7,144.31)
Operating Surplus before working capital changes		54,359.45	50,646.38
Adjustment for:			
Trade and other receivable		(2,766.50)	(2,552.03)
Trade and other payable		37,281.52	25,732.40
Cash generated from operation		88,874.47	73,826.75
Less : Adjustment for Income tax		(16,074.66)	(15,584.89)
Net cash from operating activities	(A)	72,799.81	58,241.86
Cash flow from investing activities			
Expenditure on Property, plant and equipment		(20,521.40)	(18,327.09)
Investment earmarked fund		(40,302.73)	(26,080.55)
Investment own fund in Bank FD		(12,425.02)	(30,753.00)
Investment with Financial Institution		2,300.00	(1,200.00)
Investments in Government securities (quoted)		(6,423.85)	(3,827.85)
Purchase of T-Bills		(8,220.80)	(11,222.19)
Investments in Government of India Bonds		-	1,400.00
Interest income		10,321.39	7,144.31
Net cash used in investing activities	(B)	(75,272.41)	(82,866.37)
Cash flow from financing activities			
Net Proceeds/ (Repayment) of Secured Loans		-	-
Net proceeds from issuance of equity shares		-	-
Net cash used in financial activities	(C)	-	-
Net increase\ (decrease) in cash and cash equivalents (A+B+C)		(2,472.60)	(24,624.50)
Cash and cash equivalents (opening)		12,679.58	37,304.08
Cash and cash equivalents (closing)		10,206.98	12,679.58

- The above cash flow statement has been prepared using the indirect method as per IND AS 7.
- Previous years figures have been regrouped, reclassified & rearranged to conform to current period presentation wherever necessary.

As per our report attached
For **Banshi Jain & Associates**
Chartered Accountants
Registration No.: 100990W

For and on behalf of Board of Directors

CA Parag Jain
Membership No: 078548
Partner

Biswamohan Mahapatra
Chairman

Dr. Amitha Sehgal
Director

Dilip Asbe
Managing Director & CEO

Rupesh H Acharya
Chief Financial Officer

Place : Mumbai
Date : 14th May 2020

Priyanka Agrawal
Company Secretary

Statement of Changes in Equity

for the year ended 31st March, 2020

2.17

A. Equity Share Capital

Particulars	Amount
Balance as at 1st April, 2019	13,386.70
Changes in equity share capital during the period	-
Balance as at 31st March, 2020	13,386.70
Balance as at 1st April, 2018	13,386.70
Changes in equity share capital during the period	-
Balance as at 31st March, 2019	13,386.70

(Amount ₹ in Lakh)

2.18

B. Other Equity

Particulars	Reserves and Surplus						Retained Earnings	Other items of Other Comprehensive Income	Total
	Premium Reserve	Securities Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve			
Balance as at 1st April, 2019	8,534.48	12,500.00	1,000.00	3,647.00	88,510.81	(69.48)	114,122.82	50.52	
Changes in accounting policy or prior period errors	-	-	-	-	50.52	-	50.52	-	
Total Comprehensive Income for the period ended	-	-	-	-	38,759.19	(67.86)	38,691.33	-	
Transfer to Risk Cover Reserve	-	-	4,000.00	-	(4,000.00)	-	-	-	
Transfer to Technology Reserve	-	5,000.00	-	-	(5,000.00)	-	-	-	
Transfer to RuPay SGM Reserve	-	-	-	-	100.00	(100.00)	-	-	
Transfer to Sustainability Reserve	-	-	-	-	(10,000.00)	10,000.00	-	-	
Transfer to SGM Contribution – NFS	-	-	-	-	(81.88)	-	(81.88)	-	
Transfer to SGM Contribution – IMPS	-	-	-	-	204.76	-	204.76	-	
Transfer to SGM Contribution – BBPS	-	-	-	-	4.97	-	4.97	-	
Balance as at 31st March, 2020	8,534.48	17,500.00	1,000.00	7,647.00	108,348.37	(137.34)	152,992.52	4.97	

(Amount ₹ in Lakh)

Statement of Changes in Equity

for the year ended 31st March, 2020

B. Other Equity

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus						Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustainability Reserve		
Balance as at 1st April, 2018	8,534.48	10,000.00	1,000.00	1,830.00			62,779.91	84,117.63
Total Comprehensive Income for the year ended	-	-	-	-	-	-	30,658.96	(42.71)
Transfer to Risk Cover Reserve	-	-	-	1,817.00	-	-	(1,817.00)	-
Transfer to Technology Reserve	-	2,500.00	-	-	-	-	(2,500.00)	-
Transfer to SGM Contribution - NFS	-	-	-	-	-	-	(305.80)	(305.80)
Transfer to SGM Contribution - IMPS	-	-	-	-	-	-	(295.17)	(295.17)
Transfer to SGM Contribution - BBPS	-	-	-	-	-	-	(10.07)	(10.07)
Balance as at 31st March, 2019	8,534.48	12,500.00	1,000.00	3,647.00			88,510.81	(69.48)

As per our report attached

For **Banshi Jain & Associates**

Chartered Accountants

Registration No.: 100990W

CA Parag Jain

Membership No: 078548

Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra

Chairman

Dilip Asbe

Managing Director & CEO

Priyanka Agrawal

Company Secretary

Dr. Amitha Sehgal

Director

Rupesh H Acharya

Chief Financial Officer

Place : Mumbai

Date : 14th May 2020

Significant Accounting Policies and Notes to Accounts

Corporate Information

National Payments Corporation of India (NPCI) is a Section 8 Company as per the Companies Act, 2013. It was incorporated as a Public Limited Company under Section 25 of the erstwhile Companies Act, 1956 with the object to set up and implement the Retail Payment System in the Country. The Company is licensed by Reserve Bank of India (RBI) to operate various retail payment systems in the Country under the Payment and Settlement Systems Act, 2007. The main objective of the Company is to consolidate and integrate multiple Retail Payment Systems into Nation-wide uniform and standard business process and also to facilitate an affordable payment mechanism to benefit the common man across the country & promote financial inclusion. The Company had initiated steps to incorporate a wholly owned subsidiary "NPCI International Payments Limited" and it was incorporated on April 03, 2020.

The Company has been promoted by ten banks comprising of 6 Public Sector Banks, 2 Private Banks and 2 Foreign Banks. After the broad basing exercise completed in financial year 2015-2016, the total number of shareholders had gone to 56 Banks. After merger of certain shareholder banks there are 54 shareholder banks comprising of 17 Public Sector Banks, 17 Private Banks, 3 Foreign Banks, 10 Co-operative Banks and 7 Regional Rural Banks holding shares in the Company.

The Company's initiatives in the Retail Payment System are in the form of providing National Financial Switch (NFS), Cheque Truncation System (CTS), Immediate Payment Service (IMPS), Card Scheme (RuPay), National Automated Clearing House (NACH), Aadhaar Enabled Payment System (AEPS), Unified Payments Interface (UPI), National Electronic Toll Collection (NeTC), Bharat Interface for Money (BHIM), Bharat Bill Payment System (BBPS) etc. The Company has launched National Common Mobility Card (NCMC). The above initiatives will contribute towards achieving cashless society. The Company through its product and services also continuously participating in the Financial Inclusion programme and Direct Benefit Transfer (DBT) initiatives. The Company has arrangement with International Card schemes such as Discover Financial Services, JCBI and China Union Pay International to provide the Global acceptance.

Apart from retail payment activities which comprise its core activities, the Company has undertaken a lot of other initiatives too. It has set up Innovation Council comprising of industry leaders from payment industry for activities related to innovation in payment systems.

The Company has also conducted various workshops at various locations and imparted trainings by connecting with large footprint institutions to undertake cascade style trainings. The key objective of NPCI's training is to increase use of digital means of transactions as step towards promoting Digital India Initiative thus supporting cash-less society. NPCI has been organizing digital financial literacy trainings for the customers of various organizations.

The training activities comprises meaning of cashless society and reasons to go cash-lite, and primarily focuses on NPCI's products such as RuPay, Aadhaar enabled Payment System (AePS), Bharat Interface for Money (BHIM) Unified Payments Interface (UPI). The products are explained to the users with the help of video clips and live practical demonstration to use these products. Also, the activation program aims to enable customer to download BHIM UPI onto their phones thus carry out a transaction from their phones. These trainings are conducted in the vernacular/local language depending upon the location and type of language including Hindi, Gujarati, Kannada, Tamil, etc. The Company has conducted training outreach campaigns at various places with the state governments to promote digital financial literacy.

1. Statement of Significant Accounting Policies

1.1. Basis of Preparation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under Section 133 of the Companies Act, 2013 (the Act) and other relevant provisions of the Act. These financial statements have been prepared under the historical cost convention except certain Financial Assets and liabilities, which have been measured at fair value. The accounting policy provides information on such Financial Assets and liabilities measured at fair value. The Company follows the accrual basis of accounting.

These financial statements include the Balance Sheet, the Statement of Changes in Equity, the Statement of Income and Expenditure, the Statement of Cash flows and Notes, comprising a summary of significant accounting policies and other explanatory information and comparative information in respect of the preceding period.

1.2. Presentation of financial statements

The Balance Sheet and the Statement of Income and Expenditure are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The statement of Cash Flow has been prepared and presented as per the requirements of IND-AS 7 "Statement of Cash flow". The disclosure requirements with respect to items in the Balance Sheet and Statement of Income and Expenditure, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

The financial statements are presented in Indian Rupees in Lakh and all values are rounded off to the nearest lakh as permitted by Schedule III of the Companies Act 2013. Earnings per share data are presented in Indian Rupees up to two decimal places.

Significant Accounting Policies and Notes to Accounts

1.3. Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standards, requires Management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Assets and Liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results may differ from these estimates.

1.4. Operating cycle

Based on the nature of its activities, the Company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

1.5. Revenue recognition as per IND-AS 115

Revenue from contracts with customers is recognised when control of services is transferred to the customer at an amount that reflects the consideration entitled in exchange for those services. Revenue is measured at the amount of consideration which the company expects to be entitled to in exchange for transferring distinct services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

1.5.1. Income from Operations

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

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

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

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

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

1.5.2. Other Income

In case of other Income, revenue is recognized during the period in which the services are rendered.

Interest income is recognized on a time proportion basis, taking into account the amount outstanding and at an effective interest rate, as applicable.

Liquidated damages are collected from suppliers as a penalty for non-delivery as per contracted terms.

Other miscellaneous income includes fees received towards tender process.

1.6. Property, Plant and Equipments (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost, net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use as estimated by the management. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipments with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied.

PPE not ready for the intended use, on the date of the Balance Sheet are disclosed as "Capital Work-in-Progress".

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

An item of property, plant and equipments and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the property, plant and equipment is de-recognised.

Significant Accounting Policies and Notes to Accounts

Depreciation is calculated on a Straight-Line Method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation for additions to/deductions from, owned Assets is calculated on pro rata basis.

Subsequent expenditures relating to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost can be measured reliably.

Depreciation charged for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

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

Sr. No.	Nature of Assets Tangible Assets	Estimated useful life (In years)
1	Network Equipments / Central Switching	6
2	Plant and Machinery / Office Equipments [#]	5
3	Computers and Printers	3
4	Furniture and Fittings	10
5	Vehicles	8
6	Leasehold Improvements*	-
7	Buildings (Other than factory Building)	60

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

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

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

1.7. Intangible Assets

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Intangible assets not ready for the intended use on the date of the Balance Sheet, are disclosed as "Intangible Assets under development".

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

Amortization is provided using the Straight Line Method as per the following useful life as per Schedule II of the Companies Act 2013:

Sr. No.	Nature of Assets Intangible Assets	Estimated useful life (In years)
1	Software	3

1.8. Research and Development expenditure

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

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

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

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

1.9. Employee Benefits

1.9.1. Short term Employee Benefits

All employee benefits payable within a period of twelve months of rendering service are classified as short term employee benefits. Benefits such

Significant Accounting Policies and Notes to Accounts

as salaries, allowances, advances and similar payments paid to the employees of the Company are recognised during the period in which the employee renders such related services.

The Company has recognised the cost due to the fair valuation of advances granted to staff which are either interest free or at concessional rate. The interest income will be recognised over the period of advances.

1.9.2. Post-employment benefits

i. Defined Contribution plans

Provident Fund: The Company is a member of the Government Provident Fund which is operated by the office of the Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid /provided for during the period in which the employee renders the related service.

ii. Defined Benefits plans

Gratuity: In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan ('The Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment of an amount based on the respective employee's salary and the tenure of employment with the Company.

Gratuity payable to employees is covered by a Gratuity Plan provided by Insurance Company. The contribution thereof is paid / provided during the period in which the employee renders service. Gratuity is provided as per actuarial valuation as at the Balance Sheet date, carried out by an independent actuary. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan Assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to income & expenditure.

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

1.10. Impairment of Assets

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

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

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

Recoverable amount is determined:

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

1.11. Leases as per IND-AS 116

The company determines whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company recognises Right to Use and lease liability at the commencement of the lease period.

Subsequently the right to use is shown as at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any re-measurement of the lease liability. The company applies depreciation requirements of IND-AS 116, Property, Plant and Equipment, in depreciating the right-of-use asset and the lease term mentioned in the contract is taken as useful life for calculating the depreciation.

The company measures the lease liability at the present value of the lease payments. The lease payments are discounted using incremental borrowing rate applicable to the company for a similar term. Subsequently the lease liability is increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Significant Accounting Policies and Notes to Accounts

1.12. Financial Instruments

Financial Assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial Assets and financial liabilities are initially measured at fair value.

Financial Assets

(i) Fair Value through other comprehensive income

A financial asset shall be classified and measured at fair value through OCI if both of the following conditions are met:

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

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair Value through Profit or Loss

A financial asset shall be classified and measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through OCI.

Interest income on financial asset measured at amortised cost, is measured at effective interest rate on the gross carrying amount.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the statement of Cash Flow. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

Impairment of financial Assets:

- i. The Company is not recognising estimated credit loss on trade receivables since the company is dealing with regulated entities and has not experienced any loss due to credit risk since inception.
- ii. The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, impairment is not required.

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

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

Financial Liabilities

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

Offsetting

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

1.13. Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.14. Earnings per equity share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding at the end of the reporting period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

1.15. Income Tax

1.15.1 The Company has been incorporated as a 'Not for Profit Company' under section 25 of the Companies Act, 1956 (now section 8 of Companies Act 2013), and granted registration under section 12AA of the Income Tax Act, 1961. The Company is prohibited by its objects to carry

Significant Accounting Policies and Notes to Accounts

out any activity on commercial basis and it operates on a non-commercial basis and thereby claims to be eligible for tax exemption. On a conservative basis the Management has decided to provide for Current tax including deferred tax; if any.

1.15.2 Tax expense (tax income) is the aggregate amount included in the determination of surplus or deficit for the period in respect of current tax and deferred tax. Current tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 1961. The Company offsets, on a year on year basis, the current tax Assets and Liabilities, where it has a legally enforceable right and where it intends to settle such Assets and liabilities on a net basis.

1.15.3 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.

1.15.4 Deferred tax is recognised on temporary difference between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities and assets are measured based on the tax rates and tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax Assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax Assets can be realized.

1.15.5 Transaction or event which is recognised outside the statement of Income and Expenditure, either in other comprehensive income or in equity, if any is recorded along with the tax as applicable.

1.16. Provisions

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

1.17. Contingent Liabilities

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

1.18. Contingent Assets

Contingent Assets, if any, are disclosed in the Notes to Accounts. A brief description of the nature of the contingent Assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

1.19. Foreign Currency Transactions

- i. The functional currency of the Company is Indian rupee.
- ii. Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in income and expenditure in the period in which they arise.

1.20. Commitments

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

- i. Estimated amount of contracts remaining to be executed on capital account and not provided for
- ii. Uncalled liability on shares and other investments partly paid and
- iii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.21. Statement of Cash flow

Statement of Cash flow is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using

Significant Accounting Policies and Notes to Accounts

indirect method. Under the indirect method, the net surplus is adjusted for the effects of changes during the period in inventories, operating receivables and payables transactions of a non-cash nature

- i. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- ii. All other items for which the cash effects are investing or financing cash flows.

1.22. Recent Accounting Pronouncements

In March 2019, the MCA issued IND-AS 116, Leases. IND-AS 116 eliminates the current classification model for lessee's lease contracts as either operating or finance leases and, instead, introduces a single lessee accounting model requiring lessees to recognize right-of-use Assets and lease liabilities for leases with a term of more than twelve months. This brings the previous off-balance leases on the Balance Sheet in a manner largely comparable to current finance lease accounting. IND-AS 116 is effective for annual periods beginning on or after April 1, 2019. NPCI will adopt the standard for the fiscal year beginning as of April 1, 2019, by applying the modified retrospective approach, i.e. comparative figures for the preceding year will not be adjusted. By applying IND-AS 116, straight-line operating lease expense will be replaced by depreciation expense on right-of-use Assets and interest expense on lease liabilities. This results in a deterioration in cash flows from financing activities and an improvement in cash flows from operating activities. The Company is currently assessing further impacts of adopting IND-AS 116 on the Financial Statements. It is intended to use most of the simplifications available under IND-AS 116.

1.23. Critical Accounting Judgements and key sources of estimation uncertainty

The preparation of these financial statements in conformity with the recognition and measurement principles of IND-AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities

within the next financial year, are in respect of recognition of revenue, valuation of unbilled receivables, estimation of net realisable value of inventories, impairment of non current assets, valuation of deferred tax assets, provisions and contingent liabilities.

1.23.1 Impairment of Non – Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to disclosure of fair value of investment property recorded by the Company.

1.23.2 Useful lives of Property, Plant and Equipment

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

1.23.3 Valuation of Deferred Tax Assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under note above.

1.23.4 Defined Benefit Plans

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Significant Accounting Policies and Notes to Accounts

2. NOTES TO ACCOUNTS

ASSETS

Non-Current Asset:

2.1. Property, Plant and Equipment

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2020:

Asset Group	Cost as at		Gross block		Depreciation		Net block	
	01-Apr-19	31-Mar-20	Additions	Deletions	As at 01-Apr-19	For the period	As at 31-Mar-20	As at 31-Mar-20
Land	3,995.05	3,995.05	-	-	-	-	-	3,995.05
Building	4,022.39	4,022.39	-	-	271.06	67.91	338.97	3,683.42
Computers	1,487.25	1,685.96	236.37	37.66	1,017.21	326.93	1,308.50	377.46
Network Equipments	8,115.88	2,587.10	2,587.10	28.66	2,867.63	1,531.80	4,370.77	6,303.55
Switching Eqpt / Central Processors	18,192.99	6,670.99	6,670.99	196.36	7,254.93	3,329.11	10,387.68	14,279.94
Furniture and Fixtures	270.03	72.33	72.33	0.07	88.11	33.10	121.18	221.11
Electrical Installations	46.05	1.22	1.22	0.35	27.50	8.81	35.96	10.96
Telephone	50.66	3.76	3.76	2.67	26.06	9.47	33.64	18.11
Office Equipments	352.12	57.62	57.62	-	228.95	62.47	291.43	118.31
Leasehold Improvements	11.18	-	-	-	8.82	1.89	10.72	0.46
As at 31-Mar-2020	36,543.60	9,629.39	9,629.39	265.77	11,790.27	5,371.49	16,898.85	29,008.36

(Amount ₹ in Lakh)

Following are the changes in the carrying value of the Property, Plant and Equipment for the year ended 31st March, 2019:

Asset Group	Cost As at		Gross Block		Depreciation		Net Block	
	01-Apr-18	31-Mar-19	Additions	Deletions	As at 01-Apr-18	For the period	As at 31-Mar-19	As at 31-Mar-18
Land	2,584.61	3,995.05	1,410.44	-	-	-	-	3,995.05
Building	4,022.39	4,022.39	-	-	203.35	67.71	271.06	3,751.32
Computers	1,288.51	1,487.25	209.04	10.30	657.90	365.60	1,017.21	470.04
Network Equipments	5,672.06	2,848.82	2,848.82	405.00	1,782.29	1,211.65	2867.63	5,248.25
Switching Eqpmt/Central Processors	11,157.11	7,035.88	7,035.88	-	4,747.30	2,507.63	7,254.93	10,938.06
Furniture and Fixtures	223.08	46.95	46.95	-	61.42	26.69	88.11	181.92
Electrical Installations	40.90	5.15	5.15	-	18.82	8.68	27.50	18.55
Telephone	45.39	5.36	5.36	0.09	16.86	9.25	26.06	24.60
Office Equipments	310.55	42.08	42.08	0.51	171.77	57.42	228.95	123.17
Leasehold Improvements	11.18	-	-	-	5.98	2.84	8.82	2.36
As at 31-Mar-19	25,355.78	11,603.72	11,603.72	415.90	7,665.69	4,257.47	11,790.27	24,753.32

(Amount ₹ in Lakh)

Significant Accounting Policies and Notes to Accounts

2.2. Right to Use Assets

Particulars	Gross block		Depreciation		Net block	
	Cost as at 01-Apr-19	As at 31-Mar-20	As at 01-Apr-19	For the period 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
Right to Use Assets	4,283.00	4,283.00	-	1,480.47	1,480.47	2,802.53
As at 31-Mar-2020	4,283.00	4,283.00	-	1,480.47	1,480.47	2,802.53

2.3. Capital Work-In-Progress

Following are the changes in the Capital Work-In-Progress:

Particulars	As at 31st March 2020	As at 31st March 2019
Capital WIP		
Capital WIP – IT	228.41	734.54
Capital WIP – Non IT	424.89	16.14
Total	653.30	750.68

2.4. Intangible Assets

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2020:

Asset Group	Gross block		Depreciation		Net block	
	Cost as at 01-Apr-19	As at 31-Mar-20	As at 01-Apr-19	For the period 31-Mar-20	As at 31-Mar-20	As at 31-Mar-19
Computer Software	21,960.07	27,038.25	13,649.71	5,868.82	19,518.44	8,310.36
As at 31-Mar-20	21,960.07	27,038.25	13,649.71	5,868.82	19,518.44	8,310.36

Following are the changes in the carrying value of Intangibles acquired for the year ended 31st March, 2019:

Asset Group	Gross Block		Depreciation		Net Block	
	Cost As at 01-Apr-19	As at 31-Mar-19	As at 01-Apr-18	For the period 31-Mar-19	As at 31-Mar-19	As at 31-Mar-18
Computer Software	15,696.30	21,960.07	8,690.33	4,959.38	13,649.71	7,005.97
As at 31-Mar-19	15,696.30	21,960.07	8,690.33	4,959.38	13,649.71	7,005.97

Significant Accounting Policies and Notes to Accounts

2.5. Intangible Assets under development

Following are the changes in carrying value of the intangible Assets:

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2020	31st March 2019
Intangible Assets under development	379.08	1,021.48
Intangible Assets under development (Software)	2,580.92	310.37
Total	2,960.00	1,331.85

There is no Research and Development expense recognized in net surplus in the Statement of Income and Expenditure for the year ended 31st March, 2020

Non-Current Assets

Financial Assets (non-current)

2.6 Investments:

(Amount ₹ in Lakh)

Particulars	Face Value per unit (In ₹)	Face Value	As at	As at
			31st March 2020	31st March 2019
Quoted Investments-Investments carried at amortized cost				
G-Sec 8.27% 2020	100	1,200	-	1,203.65
G-Sec 7.68% 2023	100	1,200	1,196.82	1,196.11
G-Sec 7.35% 2024	100	400	394.71	393.68
G-Sec 8.40% 2024	100	400	405.57	406.61
G-Sec 7.72% 2025	100	400	400.57	400.66
G-Sec 8.15% 2026	100	600	607.52	608.35
G-Sec 8.60% 2028	100	400	414.44	415.66
G-Sec 7.88% 2030	100	800	796.92	796.73
G-Sec 7.95% 2032	100	800	806.53	603.98
G-Sec 8.24% 2033	100	1,400	1,448.02	1,449.96
G-Sec 7.59% 2029	100	800	795.16	794.80
G-Sec 7.61% 2030	100	400	398.46	398.36
G Sec 7.37% 2023	100	600	592.57	590.48
G-Sec 7.17% 2028	100	200	189.96	189.14
GOI 7.59% 2026	100	400	396.95	396.55
G Sec 7% 2021	100	400	-	400.38
G Sec 7.26% 2029	100	1200	1,208.68	396.93
G Sec 7.32% 2024	100	1200	1,214.75	403.69
G Sec 8.24% 2027	100	600	620.57	622.78
G-Sec 7.27% 2026	100	2000	2,050.06	-
G-Sec 7.57% 2033	100	1,400	1,462.33	-
G Sec 6.17% 2021	100	200	200.74	-
G Sec 6.18% 2024	100	200	197.75	-
G Sec 6.45% 2029	100	800	792.46	-
Sub Total			16,591.54	11,668.50
Un-Quoted Investments (at cost)				
Govt. of India 8% Savings Bond			6,500.00	6,500.00
Sub Total			6,500.00	6,500.00
Total			23,091.54	18,168.50
Market value of quoted investments				
Government Securities			17,571.77	11,824.20
Total			17,571.77	11,824.20

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments.

Aggregate amount of quoted investments	16,591.54	11,668.50
Market Value of quoted investments	17,571.77	11,824.17
Aggregate amount of unquoted investments	6,500.00	6,500.00
Aggregate provision for diminution in value of Investments	-	-

Significant Accounting Policies and Notes to Accounts

2.7 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Considered Good		
Receivables for Settlement Fees	107.47	67.12
Receivables for Network / IIN recoveries	89.88	44.45
Receivables for Certification / RuPay /Others	35.73	33.61
Total	233.08	145.18

The company is dealing with regulated entities and has robust collection mechanism and has not experienced any loss due to credit risk since inception. Thus the company has not provided for any estimated credit loss on trade receivables.

2.8 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Security Deposits – Premises	558.96	454.41
Unamortised Advance Rentals	40.90	14.94
Advances to employees	0.31	0.28
Sub Total	600.17	469.63
Earmarked Deposits with maturity more than 12 months		
Deposits with Banks – (SGM – NFS Contribution)	5,359.53	2,624.54
Deposits with Banks – (SGM – IMPS Contribution)	840.00	-
Deposits with Banks – (SGM – BBPS Contribution)	55.00	-
Deposits with Banks – (AEPS – Collateral)	43.00	83.00
Deposits with Banks – (UPI – Collateral)	30.00	-
Term deposits with Banks – (NETC – Collateral)	-	50.00
Sub Total	6,327.53	2,757.53
Term Deposits with Banks more than 12 months (Not Callable)	6,939.00	99.00
Term Deposit with Banks more than 12 months (Callable)	4,000.00	-
Sub Total	10,939.00	99.00
Total	17,866.70	3,326.17

*Security deposits represent and relates principally to leased office premises and utilities like electricity supplies etc.

2.9 Other Non-Current Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Advance – Chennai Premises	1,860.65	-
Capital Advance – Hyderabad Premises	1,769.18	-
Capital Advance – Non IT	5.07	-
Capital Advance – IT	3.75	-
Prepaid Expenses	459.09	215.11
Total	4,097.74	215.11

Significant Accounting Policies and Notes to Accounts

Current Assets

Financial Assets (Current)

2.10 Investments

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Current Investments		
Investments in Government Securities with maturity less than 12 months		
G-Sec 8.19% 2020	-	99.97
G-Sec 8.27% 2020	1,200.60	-
G Sec 7% 2021	400.18	-
Treasury Bills		
with maturity less than 3 months	3,900.74	1,352.09
with maturity more than 3 months but less than 12 months	15,542.25	9,870.10
Total	21,043.77	11,322.16
Aggregate amount of quoted investments	1,600.78	99.97
Market Value of quoted investments	1,614.66	101.35
Aggregate amount of unquoted investments	19,442.99	11,222.19
Aggregate provision for diminution in value of Investments	-	-

The Company has invested in Central Government Securities, T-Bills, and Government of India Bonds, which are sovereign in nature. Hence, company has not provided for any ECL on investments

2.11 Trade Receivables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured considered good less than 6 months		
Receivables for Settlement Fees	1,780.46	3,308.01
Receivables for Network / IIN recoveries	367.46	277.82
Receivables from International Alliances	4,654.49	1,271.46
Receivables for Certification /Others	803.14	194.92
Receivables for RuPay	107.72	3,042.70
Sub Total	7,713.27	8,094.91
more than 6 months but less than 12 months		
Receivables for Settlement Fees	145.73	231.64
Receivables for Network / IIN recoveries	8.92	91.82
Receivables from International Alliances	-	-
Receivables for Certification /Others	17.57	6.55
Receivables for RuPay	10.47	-
Sub Total	182.69	330.01
Total	7,895.96	8,424.92

The company is dealing with regulated entities and has robust collection mechanism and has not experienced any loss due to credit risk since inception. Thus the company has not provided for any estimated credit loss on trade receivables.

Significant Accounting Policies and Notes to Accounts

2.12 Cash & Cash equivalents

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Own Funds		
Balances with Banks		
Balance in Current Account with Reserve Bank of India	1.03	1.10
Current Account (Own Fund)	1,816.00	279.64
Current Account (Flexi Facility with Bank)	1,451.43	6,653.97
Current Account (International settlements)	5,985.56	5,104.44
Cash in hand	0.06	0.06
Sub Total	9,254.08	12,539.21
Earmarked Funds		
Balances with Banks		
Current account (SGM Contribution)	952.90	140.37
Sub Total	952.90	140.37
Total	10,206.98	21,679.58

For better cash management, the Company has arrangement with certain Banks where the funds exceeding the specified limit are automatically transferred to flexi deposit account as short term deposit.

2.13 Other Bank Balance

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Deposits with a Financial Institution		
Original maturity more than 3 months but less than 12 months with Banks (Non Callable)	2,400	4,700
Term Deposits with Banks		
Original maturity more than 3 months but less than 12 months with Banks (Non Callable)	3,200	-
Original maturity more than 12 months but current maturity less than 12 months with Banks (Not Callable)	36,008	37,623
Total	41,608.01	42,323.00

2.14 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Advances to Employees	38.74	26.52
Unamortised Advance Rentals	33.71	20.58
Interest Accrued but not due (other than SGM contribution deposits)	573.76	1,094.84
Interest Accrued but not due – Govt. Securities	387.12	234.72
Interest Accrued but not due (NFS SGM Contributions)	57.54	97.81
Interest Accrued but not due (IMPS SGM Contributions)	80.09	334.86
Interest Accrued but not due (BBPS SGM Contributions)	0.09	18.03
Interest Receivable on Income Tax Refund AY 2017-18	-	608.68
Interest Receivable on Income Tax Refund AY 2018-19	1,313.50	-
Receivables -Cooperative/Member Banks	86.14	-
Security deposits	34.04	22.77
Sub Total	2,604.73	2,458.81
Term Deposits with Banks with maturity less than 3 months		
Term deposits with Banks – (SGM – NFS Contribution)	675.00	650.00
Term deposits with Banks – (SGM – IMPS Contribution)	18,225.00	180.00
Term deposits with Banks – (SGM – BBPS Contribution)	300.00	300.00
Term deposits with Banks – (AEPS – Collateral)	51.00	46.00
Term deposits with Banks – (NETC – Collateral)	6.00	6.00

Significant Accounting Policies and Notes to Accounts

2.14 Other Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Term deposits with Banks - (Technology Reserve)	2,400.00	1,500.00
Term deposits with Banks - (Risk Cover)	1,200.00	1,500.00
Term deposits with Banks - (NFS SGM Reserve)	1,000.00	-
with maturity more than 3 months but less than 12 months		
Term deposits with Banks - (SGM - NFS Contribution)	6,502.69	9,187.70
Term deposits with Banks - (SGM - IMPS Contribution)	17,620.00	16,548.25
Term deposits with Banks - (SGM - BBPS Contribution)	10.00	-
Term deposits with Banks - (AEPS - Collateral)	440.00	328.00
Term deposits with Banks - (NETC - Collateral)	65.00	16.00
Term deposits with Banks - (UPI - Collateral)	500.00	500.00
Term deposits with Banks - (Technology Reserve)	15,100.00	11,000.00
Term deposits with Banks - (Risk Cover)	6,447.00	2,147.00
Term deposits with Banks - (RuPay SGM Reserve)	100.00	-
Term deposits with Banks - (Sustainability Reserve)	10,000.00	-
Sub Total	80,641.69	43,908.95
Total	83,246.42	46,367.76

2.15 Current Tax Assets (Net)

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Income Tax - FY 2019-20 (Net)	421.66	-
Advance Income Tax - FY 2018-19 (Net)	470.25	-
Advance Income Tax - FY 2017-18 (Net)	784.28	782.53
Advance Income Tax - FY 2016-17 (Net)	83.03	83.03
Advance Income Tax - FY 2015-16 (Net)	1,195.58	1,195.58
Advance Income Tax - FY 2014-15 (Net)	747.41	747.41
Advance Income Tax - FY 2013-14 (Net)	34.60	34.60
Advance Income Tax - FY 2012-13 (Net)	129.77	129.77
Advance Income Tax - FY 2011-12 (Net)	308.30	308.29
Total	4,174.88	3,281.21

2.16 Other Current Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Prepaid Expenses	1,155.86	856.44
Prepaid - Insurance - RuPay card	1,162.49	2,634.96
Deposit with insurance companies	51.47	31.57
GST Input/Cenvat Credit	2,578.99	1,479.46
Advances to Vendors	1,819.53	2,723.49
Settlement Guarantee Fund - JCBI	35.35	35.35
Total	6,803.69	7,761.27

The RuPay card as a feature provides accidental coverage to all eligible RuPay card holders. The prepaid expenses consist of un-expired portion of annual maintenance expenses, Insurance premium, subscription, etc. Advance to vendors also represents Settlement Account with International Alliances.

Significant Accounting Policies and Notes to Accounts

Financial Instruments

Financial Instrument by Category

The carrying value and fair value of financial instruments by categories as of 31st March, 2020 were as follows:

Financial Assets

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Measured at Amortised Cost		
Trade Receivables	8,129.04	8,570.10
Cash & Cash Equivalents	10,206.98	12,679.58
Investments	55,074.31	29,589.65
Other Financial Assets	90,174.12	49,594.92
Total Financial Assets	1,63,584.45	1,00,434.25

Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Measured at Amortised Cost		
Trade Payables	2,161.97	1,473.00
Other Financial Liabilities	67,990.24	40,943.11
Total Financial Liabilities	70,152.21	42,416.11

Fair Value Hierarchy

Level 1 - Quoted prices in active market for identical Assets and Liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability either

Level 3 - Inputs for the Assets or Liabilities that are not based on observable market data.

(Amount ₹ in Lakh)

Investments (Level 1)	As at 31st March 2020	As at 31st March 2019
Government Securities	17,571.77	11,824.20
Total	17,571.77	11,824.20

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

Financial Risk Management

Financial Risk Factors

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

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Since the Company has exposure to regulated entities, the credit risk is limited. It is mitigated by timely monitoring of receivables. The Company has robust accounts receivable collection mechanism which has ensured near zero level of credit risk since inception.

Significant Accounting Policies and Notes to Accounts

The investments of the Company are in high grade investment categories reducing the credit risk exposure to near minimal.

The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Revenue from Top Customer	16%	18%
Revenue from Top 5 Customers	42%	42%

The Company provides certain mandated services like Cheque Truncation System (CTS) and National Automated Clearing House (NACH), Bharat Bill Payment System, and accordingly is sole provider of such kind of services. The clients mentioned above are likely to depend on these services till these are solely handled by the company.

Credit Risk Exposure

There is no requirement for providing for expected credit loss as the Company has robust collection mechanism and has not written off any amount due to client credit risk exposure.

Market risk

Under the current changing dynamics of the market, there is always a business or market risk for the Company. As company venture towards a more cashless society, services like UPI, NeTC, AePS, BBPS etc., will be the major revenue generators. More innovation and R&D for new products, will be made so as to maintain its competitiveness. Value addition on the existing products will be carried out so as to maintain its leadership in the market. As per our existing risk management framework, NPCI evaluates its Strategic, Compliance, Financial, Operational risks so as to maintain its effectiveness in delivery.

Foreign Currency Risk Exposures

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Financial Assets		
Trade Receivables	4,654.24	1,271.46
Financial Liabilities		
Trade Payables	353.92	63.61

EQUITY AND LIABILITIES

2.17 Equity Share Capital

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Authorised		
3,00,00,000 Equity Shares of ₹ 100 each (PY 3,00,00,000 Equity share of ₹ 100 each)	30,000.00	30,000.00
Issued, Subscribed and Paid-Up :		
Issued Share Capital		
1,38,76,600 Equity Shares of ₹ 100 each (PY 1,38,76,600 Equity share of ₹ 100 each)	13,876.60	13,876.60
Subscribed and Paid-Up Capital		
Opening Balance		
1,33,86,700 Equity Shares of ₹ 100 each Fully Paid Up (PY 1,33,86,700 Equity share of ₹ 100 each)	13,386.70	13,386.70
Addition during the Year	-	-
Total	13,386.70	13,386.70

Significant Accounting Policies and Notes to Accounts

Reconciliation of shares outstanding at the beginning and end of the year ended 31st March, 2020.

(Amount ₹ in Lakh)

Particulars	Equity Shares			
	As at 31-Mar-20		As at 31-Mar-19	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,386,700	13,386.70	13,386,700	13,386.70
Shares outstanding at the end of the reporting period	13,386,700	13,386.70	13,386,700	13,386.70

Terms/Rights attached to Equity Shares:

The Company has only one class of equity share having par value of ₹ 100 each. Each equity share represents one vote in case of poll.

In the period of five years immediately preceding 31st March, 2020:

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

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

(Amount ₹ in Lakh)

Name of Shareholder	Equity Shares			
	As at 31-Mar-20		As at 31-Mar-19	
	No. of shares held	% of holding	No. of shares held	% of holding
State Bank of India	1,000,000	7.47	1,000,000	7.47
Union Bank of India	1,000,000	7.47	1,000,000	7.47
Bank of India	1,000,000	7.47	1,000,000	7.47
Bank of Baroda	1,284,000	9.592*	1,000,000	7.47
Punjab National Bank	1,000,000	7.47	1,000,000	7.47
Canara Bank	1,000,000	7.47	1,000,000	7.47
ICICI Bank Limited	1,000,000	7.47	1,000,000	7.47
HDFC Bank Limited	1,000,000	7.47	1,000,000	7.47
HSBC Limited	1,000,000	7.47	1,000,000	7.47
Citibank N.A	1,000,000	7.47	1,000,000	7.47

*Includes shareholdings of Dena Bank and Vijaya Bank which merged with Bank of Baroda with effect from 1st April 2019.

Other Equity

2.18 Statement of Changes in Equity

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus							Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	RuPay SGM Reserve	Sustainability Reserve	Retained Earnings		
Balance as at 1st April, 2019	8,534.48	12,500.00	1,000.00	3,647.00			88,510.81	(69.48)	1,14,122.82
Changes in accounting policy or prior period errors							50.52		50.52
Total Comprehensive Income for the period ended	-	-	-	-			38,759.19	(67.86)	38,691.33
Transfer to Risk Cover Reserve	-	-	-	4,000.00			(4,000.00)	-	-
Transfer to Technology Reserve	-	5,000.00	-	-			(5,000.00)	-	-
Transfer to RuPay SGM Reserve					100.00		(100.00)		-
Transfer to Sustainability Reserve						10,000.00	(10,000.00)		-
Transfer to SGM Contribution – NFS	-	-	-	-			(81.88)	-	(81.88)
Transfer to SGM Contribution – IMPS	-	-	-	-			204.76	-	204.76
Transfer to SGM Contribution – BBPS							4.97		4.97
Balance as at 31st March, 2020	8,534.48	17,500.00	1,000.00	7,647.00	100.00	10,000.00	1,08,348.37	(137.34)	1,52,992.52

Significant Accounting Policies and Notes to Accounts

2.18 Statement of Changes in Equity (Contd..)

(Amount ₹ in Lakh)

Particulars	Reserves and Surplus					Other items of Other Comprehensive Income	Total
	Securities Premium Reserve	Technology Reserve	NFS SGM Reserve	Risk Cover Reserve	Retained Earnings		
Balance as at 1st April, 2018	8,534.48	10,000.00	1,000.00	1,830.00	62,779.91	(26.77)	84,117.63
Total Comprehensive Income for the year ended	-	-	-	-	30,658.96	(42.71)	30,616.25
Transfer to Risk Cover Reserve	-	-	-	1,817.00	(1,817.00)	-	-
Transfer to Technology Reserve	-	2,500.00	-	-	(2,500.00)	-	-
Transfer to SGM Contribution – NFS	-	-	-	-	(305.80)	-	(305.80)
Transfer to SGM Contribution – IMPS	-	-	-	-	(295.17)	-	(295.17)
Transfer to SGM Contribution – BBPS	-	-	-	-	(10.07)	-	(10.07)
Balance as at 31st March, 2019	8,534.48	12,500.00	1,000.00	3,647.00	88,510.81	(69.48)	1,14,122.82

The Company has created reserves namely, RuPay SGM Reserve, Sustainability Reserve, Risk Cover Reserve and Technology Reserve over period of years by way of appropriation from the Surplus after Tax as per the policy approved by the Board in this regard.

Non-Current Liabilities

Financial Liabilities

2.19 Other Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
SGM Contribution – NFS	13,686.59	12,682.70
SGM Contribution – IMPS	37,878.14	17,064.39
SGM Contribution – BBPS	365.10	350.07
Deposits- Collateral AEPS/NETC/UPI	1,525.61	1,266.56
Deposits- Collateral RuPay International alliances	6,121.84	6,050.76
Earnest Money Deposit	72.50	47.50
Lease Liability	1,294.64	-
Total	60,944.42	37,461.98

SGM Contribution – NFS ATM Switching

RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated 11th April, 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, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including the interest (net of expenses) earned on the said balance, as on 31st March, 2020 is ₹ 13,686.59 lakhs. The SGM Contribution is placed as earmarked fixed deposits. The surplus income earned on these earmarked Investments (net off SGM expenses and the Income Tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM – NFS Contribution as on 31st March, 2020 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
SGM- NFS Balance at the Beginning	12,682.70	5,138.24
Add : Contribution Received during the Year	922.01	7,238.67
Less : Contribution Refunded during the Year	-	-
Subtotal (A)	13,604.72	12,376.91
Interest Received on SGM- NFS investments	927.64	672.46
Less: Expenses	(827.50)	(185.96)
Less: Salary Expense of SGM adjusted against income	(18.27)	(16.44)
Less: Income Tax	-	(164.26)
Subtotal (B)	81.17	305.80
SGM NFS Balance at the End (A+B)	13,686.59	12,682.70

Significant Accounting Policies and Notes to Accounts

SGM Contribution – IMPS

RBI vide letter DPSS/CO/OD/1997/06.07.005/2014-15 dated 23rd April, 2015 had given consent for the Settlement Guarantee Mechanism Guidelines for IMPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing IMPS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including interest (net of expense) earned on the said balance, as on 31st March, 2020 is ₹ 37,878.14 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

The SGM- IMPS Contribution as on 31st March, 2020 is as follows

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
SGM- IMPS Balance at the Beginning	17,064.39	4,991.12
Add : Contribution Received during the Year	21,055.91	12,413.11
Less : Contribution Refunded during the Year	(37.40)	(635.00)
Subtotal (A)	38,082.90	16,769.23
Interest Received on SGM- IMPS Investments	1,244.55	681.71
Less: Expenses	(1431.04)	(211.54)
Less: Salary Expense of SGM adjusted against Income	(18.27)	(16.46)
Less: Income Tax	-	(158.55)
Subtotal (B)	(204.76)	295.17
SGM IMPS Balance at the End (A+B)	37,878.14	17,064.39

SGM Contribution – BBPS

RBI vide letter DPSS/CO/OD/362/06.07.005/2017-18 dated 26th July, 2017 had given consent for the Settlement Guarantee Mechanism Guidelines for BBPS proposed by the Company. In line with the guidelines, the Company has collected from banks availing BBPS services, deposits towards the Settlement Guarantee Mechanism (SGM). The amount of SGM contribution including interest (net of expense) earned on the said balance, as on 31st March, 2020, is ₹ 365.10 lakhs. The SGM contribution is placed as earmarked fixed Deposits. There is a net deficit on these earmarked investments (net of SGM expenses and Income Tax expenses) during the year, charged to SGM contribution as per the guidelines.

The SGM- BBPS Contribution as on 31st March, 2020 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
SGM- BBPS Balance at the Beginning	350.07	
Add : Contribution Received during the Year	20.00	345.00
Less : Contribution Refunded during the Year	-	(5.00)
Subtotal (A)	370.07	340.00
Interest Received on SGM-BBPS Investments	24.43	20.03
Less: Expenses	(25.34)	(0.89)
Less: Salary Expense of SGM adjusted against Income	(4.06)	(3.66)
Less: Income Tax	-	(5.41)
Subtotal (B)	(4.97)	10.07
SGM BBPS Balance at the End (A+B)	365.10	350.07

2.20 Long Term Provisions

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Gratuity (net)	168.08	125.35
Provision for Leave Encashment (net)	392.13	410.01
Total	560.21	535.36

Significant Accounting Policies and Notes to Accounts

2.21 Deferred Tax Liabilities (net)

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liabilities		
Fixed Assets	2,180.90	2,728.83
Right to Use (Lease – Asset)	705.63	
Deferred Tax Assets		
Lease Liabilities	(707.96)	-
Gratuity – Provision	(42.32)	(37.33)
Leave Encashment -Provision	(98.73)	-
Government Securities	(32.52)	
Share Issue Expenses	-	(3.84)
Future Minimum Lease obligations		(17.66)
Total	2,005.00	2,670.00

2.22 Other Non-Current Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Future Minimum Lease Obligations	-	45.36
Total	-	45.36

Current Liabilities

Financial Liabilities (Current)

2.23 Trade Payables

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Micro and Small Enterprises	-	0.04
Other than Micro and Small Enterprises	2,161.97	1,472.96
Total	2,161.97	1,473.00

2.24 Other Financial Liabilities

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory Liabilities	3,258.04	2,674.74
Advances for Centralised Promotion of IMPS (Net)	7.90	7.90
Service Charges (Network) received in advance	213.35	108.56
Security Deposits	1.49	1.64
Earnest Money Deposits	256.66	157.00
Sundry Creditors – Capital asset	1,661.72	259.33
Lease Liabilities	1,517.15	
Other Payables	129.51	271.96
Total	7,045.82	3,481.13

#Statutory Liabilities: It consists of amount payable towards GST, TDS, Provident Fund, Profession tax, etc.

***Advance for Centralised Promotion of IMPS (Net)**

Significant Accounting Policies and Notes to Accounts

The Company had received advance amount from banks for Centralised Promotion of IMPS. The balance amount as at 31st March, 2020 is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Opening balance	7.90	7.90
Less : Expenses towards Centralised Promotion of IMPS	-	-
Closing Balance	7.90	7.90

2.25 Provisions

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Expenses	23,436.70	13,900.74
Provision for Leave Encashment	-	19.85
Future Minimum Lease Obligations	-	5.17
Total	23,436.70	13,925.76

The movement in the provision for expenses is as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Balance at the Beginning of the Year	13,900.74	9,616.87
Provision during the Year	21,676.10	12,956.74
Less : Provision Utilised/Reversed	(12,140.14)	(8,672.87)
Balance at the end of the Year	23,436.70	13,900.74

2.26 Current Tax Liabilities (Net)

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Provision for Tax – FY 2018–19 (Net)	-	1,379.53
Provision for Tax – FY 2009–10 (Net)	113.51	113.51
Provision for Tax – FY 2010–11 (Net)	565.91	565.91
Total	679.42	2,058.95

Income Taxes

Income Tax expense in the statement of Income and Expenditure comprises

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current Taxes	13,800	16,900.00
Deferred Taxes	(663.53)	204.94
Income Tax Expenses	13,136.47	17,104.94

Significant Accounting Policies and Notes to Accounts

A Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2020:

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Surplus before Tax	51,895.66	47,763.89
Applicable Tax Rate	25.17	34.94
Computed Expected Tax Expense	13,061.10	16,690.61
Items of Income not to offer for Tax	(7.03)	(12.59)
Interest Income on Security Deposits(FV)	(8.30)	(13.59)
Increase in Interest on G Sec-EIR	1.28	1.00
Items of Expenses not deductible for Tax purposes:	561.69	515.75
Provision for Straight Lining of Leases reversed	(12.72)	(9.98)
Rental Expenses (Security Deposits)	8.09	13.06
CSR Expenses	151.04	135.27
Other Disallowance – Gratuity and Leave Encashment Provisions and others	415.27	377.40
Items of Expenses deductible for Tax purposes:	156.22	(294.75)
Excess Depreciation as per Income Tax	158.99	(290.91)
1/5th Amortisation of Share Issue Expenses	(2.76)	(3.84)
Total	13,771.98	16,899.02
Tax Expenses Recognised during the Year	13,771.98	16,899.02
Rounded off	13,800.00	16,900.00

The applicable Indian Statutory tax rate for financial year 2019 is 34.944%.

The Tax effects of significance temporary differences that resulted in Deferred Tax Assets and Liabilities are as follows:

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Deferred Tax Liabilities		
Fixed Assets	2,180.90	2,728.83
Right to Use (Lease – Asset)	705.63	
Deferred Tax Assets		
Lease Liability	(707.96)	-
Gratuity – Provision	(42.32)	(37.33)
Leave Encashment -Provision	(98.73)	-
Government Securities	(32.52)	
Share Issue Expenses	-	(3.84)
Future Minimum Lease obligations		(17.66)
Total	2,005.00	2,670.00

2.27 Revenue from Operations:

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Income from Payment Services	97,378.90	82,558.90
Certification Income	1,219.00	1,127.00
Network Income	2,007.48	2,052.32
Other Operating Income	9,341.55	4,418.85
Total	1,09,946.93	90,157.07

includes Compliance Fees, Membership Fees, Income from International Alliances, Hologram Charges, Card Fees etc.

Significant Accounting Policies and Notes to Accounts

2.28 Other Income

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Income on Deposits	5,871.71	4,379.42
Interest Income on Govt Securities/GOI BOND	1,695.25	1,219.78
Income from T Bills	557.81	170.91
Interest Income on earmarked fund (NFS) SGM	927.64	672.46
Interest Income on earmarked fund (IMPS) SGM	1,244.55	681.71
Interest Income on earmarked fund (BBPS) SGM	24.43	20.03
Interest Income on Income Tax Credit AY 2017-18	(608.68)	608.68
Interest Income on Income Tax Credit AY 2018-19	1,313.50	-
Reversal of Provision for Expenses	980.33	-
Liquidated Damages	44.21	89.19
Other Miscellaneous Income	122.33	16.89
Total	12,173.08	7,859.07

2.29 Operating Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Annual Maintenance Charges – IT Equipments	4,245.02	3,725.00
Network Expenses	2,041.07	1,731.73
Testing & Certification Charges	645.09	613.27
Data Centre Rentals	428.37	774.49
Data Centre Power & Fuel	839.34	686.36
IIN Fees Write Off	-	236.00
Total	8,198.88	7,766.85

2.30 Employee Benefits Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salary & Allowances	13,380.89	12,197.68
Contribution to Employee Benefits	667.86	616.33
Staff Welfare	424.13	333.31
Outsourcing Cost	1,205.29	1,714.82
Total	15,678.17	14,862.14

2.30.1 Gratuity and Leave Encashment

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

Significant Accounting Policies and Notes to Accounts

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

Gratuity Plan

(Amount ₹ in Lakh)

Net Asset / (Liability) recognised in the Balance Sheet	As at 31st March 2020	As at 31st March 2019
Present Value of Obligation	(783.37)	(579.86)
Fair Value of Plan Assets	604.67	443.97
Funded Status – (Surplus) /Deficit	(178.70)	(135.89)
Net Asset / (Liability) recognised in the Balance Sheet	(178.70)	(135.89)

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31st March 2020	Year ended 31st March 2019
Current Service Cost	158.81	132.67
Interest Cost	39.78	28.76
Expected Return on Plan Asset	(32.19)	(22.14)
Total Expense / (Income) charged to Income and Expenditure Account	166.40	139.29

(Amount ₹ in Lakh)

Reconciliation of amounts in Balance Sheet	As at 31st March 2020	As at 31st March 2019
Opening Net Defined Benefit Liability / (Asset)	135.89	86.07
Total Expense (Income) recognised in Income and Expenditure	166.40	139.29
Actual Employer Contribution	(192.93)	(155.13)
Total Re-measurements recognised in Other Comprehensive Income/(Loss)	69.34	65.65
Liability / (Asset) recognised in the Balance sheet	178.70	135.88

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the Period	As at 31st March 2020	As at 31st March 2019
Present Value of Obligation at the beginning of the Year	579.86	402.41
Current Service Cost	158.81	132.67
Interest Cost	39.78	28.76
Actuarial (Gain)/Loss on Obligation	69.66	64.69
Benefits Paid	(64.74)	(48.68)
Present Value of Obligation at the end of the Year	783.37	579.85

(Amount ₹ in Lakh)

Change in Fair Value of Plan Assets during the Period	As at 31st March 2020	As at 31st March 2019
Fair Value of Plan Assets at the Beginning of the Year	443.97	316.34
Expected Return on Plan Assets	32.19	22.14
Contributions Made	192.93	155.13
Benefits Paid	(64.74)	(48.68)
Actuarial Gain/(Loss) on Plan Assets	0.32	(0.95)
Fair value of plan Assets at the end of the year	604.67	443.98

Significant Accounting Policies and Notes to Accounts

Gratuity Plan (Contd..)

(Amount ₹ in Lakh)

Amount recognised in other comprehensive income	As at 31st March 2020	As at 31st March 2019
Opening amount recognised in OCI	106.80	41.15
Re-measurements due to :		
Effect of Change in Financial Assumption	38.07	8.53
Effect of Change in Demographic Assumption	(0.20)	
Effect of Experience Adjustments	31.79	56.17
Actuarial (Gain)/Loses	69.66	64.70
Return on Plan Assets (excluding Interest)	(0.32)	0.95
Total Re-measurements recognised in OCI	69.34	65.65
Amount recognised in OCI at the end of the period	176.15	106.80
Actuarial assumptions		
Discount Rate	6.40%	7.25%
Expected Rate of Return on Assets	6.40%	7.25%
Employee Attrition Rate	13.00%	13.00%
Future Salary Increases considering Inflation, Seniority, Promotion	6.00%	6.00%

Leave Encashment Plan

(Amount ₹ in Lakh)

Net Asset / (Liability) recognised in the Balance Sheet	As at 31st March 2020	As at 31st March 2019
Present Value of Obligation	652.17	577.07
Fair Value of Plan Assets	202.77	(69.27)
Net Funded Obligation	449.40	507.80
Net Asset / (Liability) recognised in the Balance Sheet	449.40	507.80

(Amount ₹ in Lakh)

Amount recognised in the Statement of Income and Expenditure Account	Year ended 31st March 2020	Year ended 31st March 2019
Current Service Cost	201.49	84.48
Interest Cost	32.77	13.15
Net Actuarial (Gain)/Loss recognised during the Year	77.60	378.86
Expected Return on Plan Asset	(5.02)	(10.02)
Total Expense/(Income) charged to Income and Expenditure Account	306.84	466.47

(Amount ₹ in Lakh)

Reconciliation of Net Defined Benefit Liability / (Asset)	As at 31st March 2020	As at 31st March 2019
Opening Net Defined Benefit Liability/(Asset)	507.80	41.86
Total Expense (Income) recognised in Income and Expenditure Account	306.84	466.45
Actual Employer Contribution	(365.24)	(0.51)
Liability/(Asset) recognised in the Balance Sheet	449.40	507.80

Significant Accounting Policies and Notes to Accounts

Leave Encashment Plan (Contd..)

(Amount ₹ in Lakh)

Change in Present Value of Obligation during the Year	As at 31st March 2020	As at 31st March 2019
Present Value of Obligation at the beginning of the Year	577.07	247.79
Current Service Cost	201.49	84.48
Interest Cost	32.77	13.15
Actuarial (Gain)/Loss on Obligation	90.97	376.70
Benefits Paid	(250.13)	(145.04)
Present Value of Obligation at the end of the Year	652.17	577.08

(Amount ₹ in Lakh)

Change in Assets during the Year	As at 31st March 2020	As at 31st March 2019
Fair Value of Plan Assets at the beginning of the Year	69.27	205.93
Expected Return on Plan Assets	5.02	10.02
Contributions Made	365.24	0.51
Benefits Paid	(250.13)	(145.04)
Actuarial Gain/(Loss) on Plan Assets	13.37	(2.16)
Fair Value of Plan Assets at the end of the Year	202.77	69.26
Actuarial Assumptions		
Discount Rate	6.40%	7.25%
Expected Rate of Return on Assets	6.40%	7.50%
Employee Attrition Rate	13.00%	13.00%
Future Salary Increases considering Inflation, Seniority Promotion	6.00%	6.00%
Retirement Age	60 Years	60 Years

2.31 Administrative and Establishment Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Rent Rates & Taxes	216.43	1,275.18
Travelling & Conveyance Expenses	564.65	471.70
Computer Consumables	20.80	64.89
Housekeeping Expenses	157.25	148.22
Travel Expenses – Overseas	173.83	97.67
Electricity Charges	163.23	144.27
Meeting Expenses	198.37	115.46
Telephone & Communication Expenses	83.29	105.77
Security Charges	86.23	93.82
Office Maintenance	112.00	86.92
Sitting Fees to Directors	97.50	41.60
Travel Expenses – Directors	33.86	35.10
Internet Expenses – Directors	0.20	0.30
Insurance- Cyber, Asset & Others	236.36	195.58
Repairs & Maintenance Charges	45.70	42.96
Printing & Stationery Expenses	31.10	29.10
Hire & Rental of Equipments	0.49	5.45
Internal Audit Fees	29.70	19.60
Postage & Courier Charges	12.31	13.47
Staff Relocation Expenses	14.15	7.14
Bank Charges	25.71	6.03
Employer – Profession Tax	0.11	0.18
Total	2,303.27	3,000.41

Significant Accounting Policies and Notes to Accounts

2.32 Depreciation and Amortisation expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation on Tangible Assets (Sch. 2.1)	5,371.49	4,257.47
Depreciation on Intangible Assets (Sch. 2.3)	5,868.82	4,959.39
Depreciation on Right to Use Assets	1,480.47	-
Total	12,720.78	9,216.86

2.33 Other Expenses

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Professional Fees	2,400.12	1,794.10
Legal Fees	189.21	30.40
Insurance – RuPay*	3,246.10	1,816.89
Marketing Expenses	13,126.99	5,541.28
Airport Lounge Fees	2,033.59	1,265.63
POS enablement- International Alliance	1,999.63	700.54
BBPS Media Campaign Expenses	314.00	-
UPI Media Campaign Expenses	1,895.50	-
Advertisement / Promotion Expenses	730.26	1,552.73
Paper to Follow – CTS Charges	1,232.51	1,041.07
Training and Seminar Expenses	133.58	219.47
Software & IT Expenses	170.55	80.49
Membership Fees/Subscription	355.73	340.12
Processing Fees – Line of Credit – SGM	2,283.88	398.39
Recruitment Expenses	160.27	122.37
Foreign Exchange (gain)/loss	6.05	11.17
CSR Expenses**	600.14	387.12
Escrow Agency Fees	3.25	-
Conference / Seminar /Study Visits – International	119.46	2.29
Asset Written off	2.90	4.85
Other Write off	0.95	1.02
Auditor's Remuneration***	5.75	7.15
Tax Audit Fees	1.35	1.20
License Fees	-	3.00
Interest Charge (IND AS Lease)	228.59	-
GST Audit Fees	1.58	-
Miscellaneous Expenses	81.31	84.70
Total	31,323.25	15,405.98

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

**Contribution to CSR activities:

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

Gross amount required to be spent by the company during the year is ₹ 721.18 lakhs.

(Amount ₹ in Lakh)

Amount Spent during the Year :	Amount paid	Amount yet to be paid	Total
i) Construction/Acquisition of any asset	-	-	-
ii) On Purpose Other than (i) above	600.14	-	600.14

Significant Accounting Policies and Notes to Accounts

***Auditor's Remuneration

(Amount ₹ in Lakh)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory Audit Fees	3.50	3.50
Audit Fees for Limited Review	2.25	2.25
GST Audit Fees	-	1.25
Out of Pocket Expenses	-	0.15
Total	5.75	7.15

2.34 Earnings per Share

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Net Surplus as per Statement of Income and Expenditure	38,691.33	30,616.25
Weighted Average Number of Equity Shares	133.86	133.86
EPS :		
(1) Basic EPS (Face value ₹ 100 per Equity Share)	289.03	228.71
(2) Diluted EPS (Face value ₹ 100 per Equity Share)	289.03	228.71

Key Managerial Personnel	Particulars	Date of appointment	Date of Retirement / Cessation
Mr. Biswamohan Mahapatra	Chairman	8-Feb-18	-
Mr. Sudarshan Sen	Nominee Director from Reserve Bank of India	20-Mar-18	2-Apr-19
Mr. Deepak Kumar	Nominee Director from Reserve Bank of India	02-May-19	-
Ms. Rama Bijapurkar	Independent Director	22-Jan-15	21-Jan-20
Mr. Satish Pradhan	Independent Director	4-Mar-15	3-Jan-20
Prof. G. Sivakumar	Independent Director	21-Jun-16	-
Dr. Santanu Paul	Independent Director	9-Nov-16	-
Dr. Amitha Sehgal	Independent Director	26-Dec-18	-
Ms. Anuradha Rao	Nominee Director from State Bank of India	11-Oct-18	30-Sept-19
Mr. Swaminathan Janakiraman	Nominee Director from State Bank of India	11-Oct-19	-
Mr. Ambrish Mishra	Nominee Director from Punjab National Bank	8-Jan-18	2-Apr-19
Mr. Sunil Soni	Nominee Director from Punjab National Bank	24-Jun-19	-
Mr. Ajay Kumar Kapoor	Nominee Director from HDFC Bank	20-Mar-18	-
Mr. B. Madhivanan	Nominee Director from ICICI Bank	9-Nov-16	24-Jul-19
Mr. Pankaj Gadgil	Nominee Director from ICICI Bank	08-Aug-19	-
Mr. Gautam Viswanathan	Nominee Director from HSBC	27-Feb-19	03-Sep-19
Mr. Siddharth Rungta	Nominee Director from HSBC	09-Sep-19	-
Mr. Rajiv Anand	Nominee Director from Axis Bank	9-Nov-16	-
Mr. Premnath Salian	Nominee Director from Abhyudaya Co-operative Bank Limited	1-Nov-18	-
Mr. D.P. Gupta	Nominee Director from Baroda Uttar Pradesh Gramin Bank	1-Nov-18	20-Jun-19

(Amount ₹ in Lakh)

Key Managerial Personnel of the Company	Designation	Date of appointment	Date of Retirement / Cessation
Mr. Dilip Asbe	Managing Director & CEO	8-Jan-18	-
Mr. Sanjay Saxena	Chief Financial Officer	1-Apr-14	29-Sep-19
Mr. Rupesh H Acharya	Chief of Finance	19-Mar-20	-
Ms. Priyanka Agrawal	Company Secretary	14-May-18	-

Significant Accounting Policies and Notes to Accounts

Name of Related Parties	Relationship
Andhra Bank	Entity with common director
Axis Bank Limited	Entity with common director
ICICI Bank Limited	Entity with common director
Indian Overseas Bank	Entity with common director
Ujjivan Small Finance Bank Limited	Entity with common director
Indian Financial Technology and Allied Services	Entity with common director
Indian Institute of Banking & Finance	Entity with common director
Jio Payments Bank Limited	Entity with common director
Mahindra & Mahindra Financial Services Limited	Entity with common director
National Securities Depository Limited	Entity with common director
NSDL Payments Bank Limited	Entity with common director
The Clearing Corporation of India Limited	Entity with common director
SBI Payment Services Private Limited	Entity with common director

Transactions with Related Parties

The details of Related Party Transactions entered into by the Company for the year ended 31st March, 2020 are as below:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Transaction	Year ended 31st March 2020	Year ended 31st March 2019
Axis Bank Limited	Receiving of services	1,735.63	63.72
Indian Institute of Banking & Finance	Receiving of services	-	3.50
Andhra Bank	Receiving of services	415.93	47.08
ICICI Bank Limited	Receiving of services	176.75	230.50
Indian Overseas Bank	Receiving of services	33.05	-
National Securities Depository Limited	Receiving of services	480.45	-
Indian Financial Technology and Allied Services	Receiving of services	7.50	-
SBI Payment Services Private Limited	Receiving of services	150.00	-
Andhra Bank	Rendering of services	2,646.86	1,788.23
Axis Bank Limited	Rendering of services	8,617.69	5,947.30
Indian Overseas Bank	Rendering of services	2,489.19	-
ICICI Bank Limited	Rendering of services	9,129.49	1,789.06
National Securities Depository Limited	Rendering of services	-	0.99
Mahindra & Mahindra Financial Services Limited	Rendering of services	-	2.10
Ujjivan Small Finance Bank Limited	Rendering of services	150.65	68.00
Jio Payments Bank Limited	Rendering of services	14.36	-
NSDL Payments Bank Limited	Rendering of services	5.80	6.06
SBI Payment Services Private Limited	Rendering of services	5.31	-
Total		26,058.66	9,946.54

Details of Amounts Due to or Due from Related Parties as at 31st March, 2020.

Amount Payable to Related Parties:

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	As at 31st March 2020	As at 31st March 2019
Andhra Bank	Deposit	625.30	620.30
National Securities Depository Limited	Deposit	1.00	1.00
NSDL Payments Bank Limited	Deposit	15.00	10.00
Axis Bank Limited	Deposit	4,297.91	3,541.99
Mahindra & Mahindra Financial Services	Deposit	1.00	1.00
Ujjivan small Finance Bank Ltd	Deposit	173.28	57.72
ICICI Bank Ltd	Deposit	4,426.60	4,416.60
Indian Overseas Bank	Deposit	167.61	-
Jio Payments Bank Limited	Deposit	10.00	-
ICICI Bank Ltd	Trade Payable	-	35.47
Axis Bank Limited	Trade Payable	17.69	-
Total		9,735.39	8,684.08

Significant Accounting Policies and Notes to Accounts

Amount Receivable from Related Parties

(Amount ₹ in Lakh)

Name of Related Party	Nature of Balances	Year ended 31st March 2020	Year ended 31st March 2019
Andhra Bank	Trade receivable	15.43	28.86
ICICI Bank Limited	Trade receivable	137.27	151.48
Axis Bank Limited	Trade receivable	116.77	135.74
Indian Financial Technology and Allied Services	Trade receivable	0.55	-
Mahindra & Mahindra Financial Services Limited	Trade receivable	-	2.11
Indian Overseas Bank	Trade receivable	21.80	-
Ujjivan Small Finance Bank Limited	Trade receivable	0.20	0.57
SBI Payment Services Private Limited	Trade receivable	0.13	-
Jio Payment Bank	Trade receivable	0.24	-
Total		292.39	318.76

Transactions with Key Managerial Personnel

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Sitting Fees	97.50	41.60
Honorarium Fees	8.25	3.60
Total	105.75	45.20

Compensation to Key Management Personnel of the Company:

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Short Term Employee Benefits	233.71	199.70
Post-Employment Benefits*	6.98	-
Other Long Term Benefits	-	-
Total	240.69	199.70

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

2.36 Lease disclosure

In current year, the Company has recognised Interest on Lease Liability and Amortization of Right of use Asset as per IND-AS 116 'Lease' in the statement of Income and Expenditure under:

- Interest on Lease Liability of ₹ 228.59 lakh.
- Amortization of Lease Liability of ₹ 1,480.47 lakh.
- The total outstanding cash outflow for lease as per the agreement is ₹ 3,092.28 lakh.
- The carrying amount of Right of use Asset as on 31st March, 2020 is ₹ 2,802.53 lakh.

The Company has taken premises under leave and license agreement, the rent and escalation depends upon the lease by the Company. The Company has given refundable interest free security deposits under certain agreements.

The disclosure requirement and maturity analysis of lease liability and asset as per IND-AS 116 are as follows:

- The net carrying amount of Right of use Asset:

(Amount ₹ in Lakh)

Particular	As at 31st March 2019	Addition	Deletion / Amortization	As at 31st March 2020
Right of use of Asset	-	4,283.00	1,480.47	2,802.53

Significant Accounting Policies and Notes to Accounts

ii) Reconciliation between the total minimum lease payment as on 31st March, 2020 and their present value is as below:

Particular	Amount
Lease Liability as at balance sheet date	2,811.79
Add: Interest	280.49
Minimum Lease Payment	3,092.28

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

(Amount ₹ in Lakh)

Particular	As at 31st March 2020	As at 31st March 2019
Not Later than 1 year	1,259.35	-
Later than 1 year but not less than 5 years	1,832.93	-
Total	3,092.28	-

2.37 Segment Reporting

Operating segment/s are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker, in deciding how to allocate resources and assessing performance. The Company's Chief Operating Decision Maker (CODM) is the Managing Director and Chief Executive Officer. The Company has only one identified business segments (industry practice) namely "Payments Systems".

The Financial Statements itself may be considered to be the segment result as per disclosure requirement of Indian Accounting Standard 108 issued by The Institute of Chartered Accountants of India.

2.38 Contingent Liabilities and Commitments

(Amount ₹ in Lakh)

Contingent Liabilities and Commitments (to the extent not provided for)	As at 31st March 2020	As at 31st March 2019
(i) Commitments		
(a) Estimated amount of Contracts remaining to be Executed on Capital Account and not provided for	60,158.85	26,943.12
(b) Revenue Commitments	13,297.77	16,644.09
Sub Total	73,456.62	43,587.21
(ii) Contingent Liabilities on Account of Tax Demand		
Income Tax Demand for AY 2010-2011	301.28	301.28
Income Tax Demand for AY 2011-2012	183.27	183.27
Income Tax Demand for AY 2012-2013	831.28	551.72
Income Tax Demand for AY 2013-2014	578.22	444.80
Income Tax Demand for AY 2015-2016	467.50	467.50
Income Tax Demand for AY 2016-2017	1,304.48	1,304.48
Sub Total	3,666.03	3,253.05
(iii) Contingent Liabilities - Other Matters	2,597.00	2,597.00
Sub Total	2,597.00	2,597.00
Total	79,719.65	49,437.26

Contingent Liability for Income Tax:

As per the Tax Consultant and as advised, the Company will be eligible to claim exemption u/s. 11 and 12 of the Income Tax Act, 1961 and hence the Management has not provided for additional demand raised by Income tax authorities during assessment / penalty proceedings although it is providing for Income tax on a conservative basis.

Significant Accounting Policies and Notes to Accounts

There are tax demand arising due to Assessment order u/s 143 (3), disallowing the claim of exemption u/s 11 and 12 and section 13(1)(c)(ii) of the Income Tax Act, 1961 and/or due to penalty proceedings u/s 271(1)(C). The Company is in appeal at various appellate authorities such as Commissioner of Income Tax (Appeals)/Income Tax Appellate Tribunal which is discussed in details here. The Contingent liability is calculated for A.Y. 2010-2011 to AY 2015-16. For AY 2014-2015 and AY 2017-18 the tax provisions in Books of Accounts are more than demand raised as per Assessment Order u/s 143(3) of Income Tax Act 1961, hence no Contingent liability is shown in the Books for A.Y. 2014-2015 and AY 2017-18.

Assessment Year 2010-11:

The Contingent liability for A.Y. 2010-11 amounts to ₹ 301.28 lakh on account of difference between the demand for tax of ₹ 332.02 lakh and demand for penalty as per order u/s 271(1)(c) of ₹ 309.26 lakh by the revenue authority against provision in the Books of Accounts of ₹ 340.00 lakh While passing assessment order, the Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, Moreover the Assessing Officer while computing the Total Income has not allowed the deductions otherwise available to the Company. The Commissioner of Income Tax (Appeals) has disposed off the appeal against the Company. The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the CIT (A) order. The hearing for the said appeal has been concluded and the ITAT order is awaited. Penalty proceedings u/s 271(1)(c) initiate and demand notice u/s 156 amounting to ₹ 309.26 lakh along with penalty order dated 28th March , 2016 have been received on 31st March, 2016. The Company has filed an appeal against the said order with the Commissioner of Income Tax (Appeals), Mumbai.

Assessment Year 2011-12:

The Contingent liability for A.Y. 2011-12 amounts to ₹ 183.26 lakh is on account of difference between the tax demand by the revenue authority of ₹ 1623.27 lakh against provision in the books of accounts of ₹ 1,440.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s. 11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act and other deductions. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai. The hearing for the said Appeal is yet to commence.

Assessment Year 2012-13:

The Contingent liability for A.Y. 2012-13 amounts to ₹ 831.28 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 1,611.28 lakh against provision in the books of accounts of ₹ 780.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s. 11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the

Assessing Officer did not consider depreciation as per Income Tax Act and Minimum Alternate Tax(MAT). The Company has filed an appeal against the said order with the Commissioner of Income Tax (Appeals), Mumbai. The Commissioner of Income Tax (Appeals) has disposed off the appeal against the Company. The Company has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the CIT(A) order. The hearing for the said appeal has been concluded and the ITAT order is awaited.

Assessment Year 2013-14:

The Contingent liability for A.Y. 2013-14 amounts to ₹ 578.22 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 1,803.62 lakh against provision in the books of accounts of ₹ 1,225.40 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act and MAT credit. Assessment order received dated 26th March, 2016 along demand notice u/s 156 amounting to ₹ 367.30 lakh The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

Assessment Year 2015-16:

The Contingent liability for A.Y. 2015-16 amounts to ₹ 467.50 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 5,767.50 lakh as per Rectification Order us 154 dated 28.02.018 against provision in the books of accounts of ₹ 5,300.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

Significant Accounting Policies and Notes to Accounts

Assessment Year 2016-17:

The Contingent liability for A.Y. 2016-17 amounts to ₹ 1304.48 lakh is on account of difference between the tax demand by the Revenue Authority of ₹ 7,704.48 lakh against provision in the books of accounts of ₹ 6,400.00 lakh. The Assessing Officer has disallowed the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and are hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961, However the Assessing Officer did not consider depreciation as per Income Tax Act. Assessment order received dated November 30, 2018 along demand notice u/s 156 amounting to ₹ 5684.72 lakh. The Company has filed an appeal against the order to Commissioner of Income Tax (Appeals), Mumbai.

Contingent liabilities – other matters

One of the customers namely Bank of Maharashtra using a payment service namely Unified Payment Interface (UPI) has faced a fraud of ₹ 2,597 lakh due to a technical glitch in the software developed by third party which has been subsequently rectified by the Bank. The said Bank has taken various step for recovery of the amount from fraudulent customers. In some of the correspondence with the Company the bank has asked for sharing the fraud amount on a pro-rata basis if not wholly. The Company through its various correspondence has made it clear that the loss to the bank was on account of technical glitch at the bank and the third party vendor end. The Company has no liability whatsoever for the loss suffered by the bank and hence is not required to make any provision in books of account and the management is confident that no claim will arise on the company. As a matter of conservative reporting the Company has stated an amount of ₹ 2,597 lakh as contingent liability above.

2.39 Status of Legal Cases (Other than Income Tax)

The company has been made party to certain legal cases in various forums, which are as follows:

Court /Region	No. of Cases
State Commission, Kullu, Himachal Pradesh.	1
State Commission, Mumbai, Maharashtra	1

2.40 Expenditure in Foreign Currency

2.40.1 Value of Import of Services

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Software License / Consultancy charges	405.97	740.22
Computers and Printers	8.60	8.01
Total	414.57	748.23

2.40.2 Revenue Expenditure in Foreign Currency

(Amount ₹ in Lakh)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Foreign Travel Expenses (Diem Allowance)	85.71	46.40
Software AMC Expenses	170.23	147.89
Conference / Seminar / Study Visit Expenses	115.74	1.10
Escrow Agent Fees / Professional Fees	242.08	1.70
Subscription and Membership Fees	34.51	56.93
Training and Seminar Charges	3.08	8.56
Foreign Exchange Loss	5.97	11.17
Advertising and Publicity Expenses	59.22	20.00
Total	716.54	293.75

Accounting for Foreign Currency Transactions:

Expenditures in foreign currency are recorded in rupees by applying to the foreign currency amount the exchange rate at the time of transaction. Exchange rate differences consequent to settlement are recognised as income / expenditure.

Significant Accounting Policies and Notes to Accounts

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

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

(Amount ₹ in Lakh)

Particulars	As at	As at
	31st March 2020	31st March 2019
a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	-	0.04
(ii) Interest due on above	-	-
Total	-	0.04
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.	-	-

2.42 Provision for Tax

The Company was incorporated as a 'Not for Profit Company' under Section 25 of the Companies Act, 1956 and was granted registration under Section 12AA of the Income Tax Act, 1961 by the Office of Director of Income Tax (Exemptions). The Company was granted license by RBI under Payment and Settlement Systems Act, 2007 to operate the Retail Payment Systems in India.

As per Memorandum and Articles of Association of the Company, no objects shall be carried out on a commercial basis. The Management is of the view that the income received while implementing the Retail Payment Systems is only incidental as the Company has not carried out the same on commercial basis. However, as a matter of prudence, the Management had decided to pay Income Tax and claim refund of the tax paid. In view of the same, the Management had decided to make a provision towards tax liability. Accordingly, an amount of ₹ 13,800 lakh has been provided for the year ended 31st March, 2020, being the amount of Income Tax computed under the provisions of the Income Tax Act, 1961 and recognised deferred tax income of ₹ 663.53 lakh as per the applicable Accounting Standard

2.43 Note on Changes on account of transition to IND-AS 116

The Company has adopted the standard beginning 1st April, 2019, using the modified retrospective approach for transition. Accordingly, the Company has not restated the comparative information, instead the cumulative effect of initially applying the standard, has been recognised as an adjustment to the opening balance of retained earnings as on 1st April, 2019. This has resulted in recognising a "Right of use asset" of ₹ 2,802.53 lakh and a corresponding "Lease liability" of ₹ 2,811.79 lakh by adjusting retained earnings of ₹ 50.53 lakh as at 1st April, 2019.

Consequently, in the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease "Rent"/"Other expenses" in previous period to "Depreciation and Amortisation expense" for the right of use assets and "Finance cost" for interest accrued on lease liability. As a result, the "Rent"/"Other expenses", "Depreciation and Amortisation expenses" and "Finance cost" of the current period is not comparable to the earlier periods.

Significant Accounting Policies and Notes to Accounts

2.44 COVID Impact

COVID-19, a new strain of coronavirus, has spread globally, including in India. This event significantly affects economic activities in India and abroad and, as a result, may impact the payment industry in which the Company operates. The impact of coronavirus on our business will depend on future developments that cannot be reliably predicted, including actions to contain or treat the disease and mitigate its impact on the economy, among others. The impact of pandemic might be different from that estimated as at the date of approval of these financial results and the Company is closely monitoring any material changes to future economic conditions.

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

As per our report attached

For **Banshi Jain & Associates**

Chartered Accountants

Registration No.: 100990W

CA Parag Jain

Membership No: 078548

Partner

For and on behalf of Board of Directors

Biswamohan Mahapatra

Chairman

Dr. Amitha Sehgal

Director

Dilip Asbe

Managing Director & CEO

Rupesh H Acharya

Chief Financial Officer

Place : Mumbai

Date : 14th May 2020

Priyanka Agrawal

Company Secretary