

Annexure 5

Independent Auditor's Report

To the Members of National Payments Corporation of India

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of National Payments Corporation of India which comprise the Balance Sheet as at 31st March 2015, the Statement of Income & Expenditure and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
- b. in the case of the Statement of Income & Expenditure, of the Surplus for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015, issued by the Government of India in terms of sub section (11) of section 143 of the Act does not apply to the Company, since it is a Company licensed to operate under Section 8 of the Act. Accordingly we have not commented upon the same.
2. As required by section 143 (3) of the Act, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Statement of Income & Expenditure and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Income and Expenditure Account and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014;
 - v. On the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2015, from being appointed as a director in terms of Section 164 (2) of the Act.

- vi. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - a) the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.26 to the financial statements;
 - b) the Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) Since the company is incorporated under Section 8 of the Act, the company does not distribute its profits to the shareholders and therefore the said clause is not applicable to the Company.

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, on the basis of management representation the said accounts, read together with the company's Accounting policies and the Notes thereto.
 - a) The company has not been selected for disinvestment.
 - b) No case of waiver / write off of debts/loans/interest etc was observed.
 - c) Since the company is not having inventory but only providing services, the clause of inventory is not applicable. The company has not received any assets as gifts from government or any other authorities.
 - d) There are no legal/arbitration cases pending as on 31st March, 2015. Further pending disputes in respect of taxation matters are not considered as legal/arbitration cases in common parlance.

Note: We had earlier issued our Independent Auditor's Report on 20th May, 2015 and separately submitted our response to Directions as per the requirements of Section 143 (5) of Companies Act, 2013 to the Comptroller and Auditor General (CAG). Now with the guidance from CAG to issue a single report we are issuing a single report containing the same Independent Auditor's Report and the response to the directions as mentioned earlier. Further with this fresh report the remarks in the Balance Sheet and the Statement of Income and Expenditure needs to be read as 'As per our report of odd date' and our report dated 20th May, 2015 stands modified.

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

Mulesh Savla
(Partner)
Membership No. 038404

Place : Mumbai
Date : 8th July, 2015

Balance Sheet

AS AT MARCH 31, 2015

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Particulars	Notes	As at 31-Mar-15	As at 31-Mar-14
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2.1	1,000,000,000	1,000,000,000
Reserves & Surplus	2.2	2,595,790,512	1,511,793,978
Non-current liabilities			
Deferred Tax Liabilities (Net)	2.3	161,100,000	106,700,000
Other Long term Liabilities	2.4	691,860,493	480,003,019
Current liabilities			
Trade Payables	2.5	99,278,105	89,690,223
Other Current Liabilities	2.6	133,560,012	196,773,141
Short-term provisions	2.7	152,258,235	215,567,939
Total		4,833,847,357	3,600,528,300
ASSETS			
Non-current assets			
Fixed assets (Net)			
Tangible assets	2.8	998,171,645	439,749,006
Intangible assets	2.8	328,661,763	363,798,346
Capital work-in-progress	2.8	97,449,174	11,422,130
Non-current Investments	2.9	214,759,139	159,980,000
Other non-current assets	2.10	53,714,729	42,709,753
Current assets			
Cash & Cash Equivalents	2.11	2,484,077,814	2,365,657,655
Trade Receivables	2.12	188,636,426	144,987,391
Short-term loans & advances	2.13	2,648,338	4,025,230
Current Investment	2.14	200,000,000	-
Other Current Assets	2.15	265,728,329	68,198,789
TOTAL		4,833,847,357	3,600,528,300
Significant Accounting Policies & Notes on Accounts	1 & 2		

As per our report attached
For **Shah & Savla**
Chartered Accountants
Registration No. 109364W

Mulesh Savla
Membership No : 038404
Partner

Place: Mumbai
Date: 8th July, 2015

For and on behalf of the Board of Directors

Balachandran M.
Chairman

Deena Mehta
Director

A. P. Hota
Managing Director & CEO

Sanjay Saxena
Chief Financial Officer

Anjalee Javeri
Company Secretary

Date: 20th May, 2015

Income and Expenditure Account

FOR THE YEAR ENDED MARCH 31, 2015

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Particulars	Notes	Year ended 31-Mar-15	Year ended 31-Mar-14
INCOME			
Income from Operations		3,264,841,923	2,169,114,950
Other Income	2.16	268,227,378	201,794,470
Total Income		3,533,069,301	2,370,909,420
EXPENDITURE			
Operating Expenses	2.17	265,196,983	233,097,720
Employee benefits cost	2.18	487,601,428	374,351,143
Administrative & Establishment Expenses	2.19	191,183,962	156,062,200
Other Operating Expenses	2.20	468,482,684	202,447,936
Finance Charges	2.21	-	3,125,445
Prior Period Expenses	2.22	5,580,336	6,816,595
Depreciation and Amortisation Expenses	2.8	424,294,881	505,011,817
Total Expenditure		1,842,340,274	1,480,912,856
Surplus/(Deficit) Before Tax		1,690,729,027	889,996,564
Provision for Taxation			
- Current Tax		530,000,000	310,000,000
- Deferred Tax		54,400,000	(3,000,000)
Surplus/(Deficit) carried forward to Balance Sheet		1,106,329,027	582,996,564
Basic Earning Per Share (₹)		110.63	58.30
Diluted Earnings per Share (₹)	2.24	110.63	58.30

As per our report attached
For **Shah & Savla**
Chartered Accountants
Registration No. 109364W

Mullesh Savla
Membership No : 038404
Partner

Place: Mumbai
Date: 8th July, 2015

For and on behalf of the Board of Directors

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Deena Mehta
Director

A. P. Hota
Managing Director & CEO

Sanjay Saxena
Chief Financial Officer

Anjalee Javeri
Company Secretary

Date: 20th May, 2015

Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2015

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Particulars	Notes	Year ended 31-Mar-15	Year ended 31-Mar-14
CASH FLOW FROM OPERATION ACTIVITIES			
Net Surplus before tax and extraordinary items :		1,690,729,027	889,996,564
Adjustment to reconcile net profit to net cash by operating activities			
Depreciation		424,294,881	505,011,817
Provision for Employee benefit		7,214,459	6,281,566
Fixed assets written off		107,822	158,429
Less : Interest Income earned		(241,778,111)	(192,084,476)
Operating Surplus before Working capital changes		1,880,568,078	1,209,363,900
Adjustment for			
Trade and Other Receivables		(148,877,956)	155,157,503
Trade and Other Payable		173,892,505	(130,125,849)
Cash Generated from Operation		1,905,582,627	1,234,395,554
Less : Income tax paid		(740,445,637)	(279,108,512)
Net cash from operating activities after extra-ordinary items	(A)	1,165,136,990	955,287,042
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(1,033,715,803)	(585,115,010)
Placement of Fixed Deposits - SGM		(23,409,081)	(31,170,947)
Placement of Fixed Deposits with Bank and Financial Institution		173,450,200	(282,906,844)
Purchase of Govt Securities		(204,779,139)	-
Interest Income		241,778,111	204,614,692
Purchase of Treasury Bills		-	(275,674,130)
Redemption proceeds of Treasury Bills		-	283,550,000
Net Cash Used in Investing activities	(B)	(846,675,712)	(686,702,238)
CASH FLOW FROM FINANCIAL ACTIVITIES			
Net Proceeds/ (Repayment) of Secured Loans		-	-
Proceeds from issuance of share capital		-	-
Net Cash used in Financial Activities	(C)	-	-
Net Increase\Decrease in Cash and Cash equivalents	(A+B+C)	318,461,278	268,584,804
Cash and Cash Equivalents (Opening)		291,724,508	23,139,704
Cash and Cash Equivalents(Closing)		610,185,786	291,724,508

- The above cash flow statement has been prepared using the indirect method as per Accounting Standard 3.
- Previous year's figures have been regrouped, reclassified and rearranged to conform to current year's presentation wherever necessary.

As per our report attached
For **Shah & Savla**
Chartered Accountants
Registration No. 109364W

Mulesh Savla
Membership No : 038404
Partner

Place: Mumbai
Date: 8th July, 2015

For and on behalf of the Board of Directors

Balachandran M.
Chairman

Deena Mehta
Director

A. P. Hota
Managing Director & CEO

Sanjay Saxena
Chief Financial Officer

Anjalee Javeri
Company Secretary

Date: 20th May, 2015

Significant Accounting Policies and Notes on Accounts

CORPORATE INFORMATION

National Payments Corporation of India (NPCI) is a Section 8 Company as per 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 authorized as a Payment System, to operate various retail payment system in the country, under 'The Payment and Settlement Systems Act, 2007' by Reserve Bank of India (RBI). 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 and promote financial inclusion.

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

The Company's initiatives in the retail payment system are in the form of providing Inter Bank ATM Switching with the National Financial Switch (NFS), Cheque Truncation System (CTS), Immediate Payment Service (IMPS), Debit Card Scheme (RuPay), National Automated Clearing House (NACH) and Aadhar Enabled Payment System (AEPS). During the year Company has received mandate from RBI to operationalize Bharat Bill Payment System (BBPS). The Company through its product and services also participated in the major financial inclusion programme named 'Pradhan Mantri Jan Dhan Yojna' and Direct Benefit Transfer (DBT) during the year. The Company has an agreement / MOU with International Card schemes such as Discover Financial Services, JCBI and China Union Pay to provide Global acceptance.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material aspects with the notified

accounting standard by Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis except in the case of assets for which provision for impairment is made and revaluation is carried out. The Company follows the accrual basis of accounting. The Company has reclassified the previous year figures in accordance with the requirements as applicable in the current year.

1.2. Use of estimates

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

1.3. Revenue recognition

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

1.3.1. Income from Operations

The Company operates various retail payment systems for member banks. The product and services offered to banks include NFS, CTS, IMPS, RuPay Card scheme, NACH and AEPS. Revenue from such product and services is accounted based on transactions routed during the reporting period. Product and Membership fees (non-refundable) collected from member banks using Company's product and services are recognised as income in the reporting period in which services are commissioned.

1.3.2. Other Income

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

1.4. Tangible Fixed Assets

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

1.5. Intangible Assets

Intangible assets that are acquired by the company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment losses.

1.6. Depreciation on Tangible and Intangible Fixed Assets

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

Particulars	Estimated Useful life (in years)
Tangible Assets	
Network Equipment / Switching Equipment	6
Computers and Printers	3
Office equipment #	5
Furniture and Fittings	10
Vehicles	8
Leasehold Improvements	*
Buildings (Other than factory Building)	60
Intangible Assets	
Software	3

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

Office equipment includes Air conditioner, Web cam, Television, Fire alarm etc.

1.7. Leases

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

1.8. Investments

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

The premium paid on account of Investment in securities held as long term investments and is amortised over the life of the security on a pro rata basis.

1.9. Income Taxes

1.9.1. The Company has been incorporated as a 'Not for Profit Company' under section 25 of the erstwhile 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 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.

1.9.2. Tax expenses comprises of Current tax and deferred tax. Current tax is measured as the amount expected to be paid to the Tax Authorities in accordance with the provision of Income Tax Act, 1961. The Company offsets, on a year on year basis, the Current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

1.9.3. Minimum alternate tax (MAT) paid in a reporting period is charged to the statement of Income and 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 and Expenditure account and shown as MAT Credit Entitlement. The Company reviews the “MAT Credit entitlement” asset at each reporting date and writes down the asset to the extent there is no longer convincing evidence to the effect that it will pay normal Income Tax during the specified period.

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

1.10. Employee Benefits

1.10.1. Short term Employee Benefits

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

1.10.2. Defined Contribution plans

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

1.10.3. Defined Benefits plans

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

Gratuity payable to employees is covered by a Gratuity Plan provided by a Insurance Company. The contribution thereof is paid / provided during the period in which the employee renders service. Gratuity is provided as per independent actuarial valuation done at the end of the year. Actuarial gains/losses are recognized in full in the Income and Expenditure account of the respective financial year and are not deferred.

Leave encashment: Provision for Leave Encashment is determined and accrued on the basis of independent actuarial valuation done at the end of the year.

1.11. Provisions

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

1.12. Contingent Liabilities

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

2. NOTES ON ACCOUNTS

2.1. Share Capital

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Particulars	As at 31-Mar-15	As at 31-Mar-14
Authorized		
3,00,00,000 Equity Shares of ₹100 each	3,000,000,000	3,000,000,000
Issued Subscribed and Paid Up :		
1,00,00,000 Equity Shares of ₹100 each Fully paid up	1,000,000,000	1,000,000,000
Total	1,000,000,000	1,000,000,000

2.1.1. Reconciliation of Shares Outstanding at the Beginning and End of the period ended 31st March 2015.

Particulars	Equity Shares			
	As at 31-Mar-15		As at 31-Mar-14	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10,000,000	1,000,000,000	10,000,000	1000,000,000
Shares Issued during the reporting period	-	-	-	-
Shares outstanding at the end of the reporting period	10,000,000	1,000,000,000	10,000,000	1,000,000,000

2.1.2. Terms / Rights Attached to Equity Shares :

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

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

Name of Shareholder	Equity Shares			
	As at 31-Mar-15		As at 31-Mar-14	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
State Bank of India	1,000,000	10	1,000,000	10
Union Bank of India	1,000,000	10	1,000,000	10
Bank of India	1,000,000	10	1,000,000	10
Bank of Baroda	1,000,000	10	1,000,000	10
Punjab National Bank	1,000,000	10	1,000,000	10
Canara Bank	1,000,000	10	1,000,000	10
ICICI Bank Limited	1,000,000	10	1,000,000	10
HDFC Bank Limited	1,000,000	10	1,000,000	10
HSBC Limited	1,000,000	10	1,000,000	10
Citibank N.A	1,000,000	10	1,000,000	10

2.2. Reserves and Surplus

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Reserves and Surplus	As at 31-Mar-15	As at 31-Mar-14
Technology Reserve		
Opening balance	-	-
Add: Transfer from Income and Expenditure Account	250,000,000	-
Sub total	250,000,000	
Income & Expenditure Account		
Surplus brought forward	1,511,793,978	950,917,513
Add : Surplus for the period after tax	1,106,329,027	582,996,564
Less : Appropriations		
a) Transfer to Technology Reserve	(250,000,000)	
b) Transfer to SGM contribution	(22,332,493)	(22,120,099)
Sub total	2,345,790,512	1,511,793,978
Total	2,595,790,512	1,511,793,978

The company has created a reserve for Technology up-gradation and replacement during the course of year. The total amount targeted for this reserve is ₹ 3,000,000,000. The amount appropriated during the Financial year 2014-15 is ₹ 250,000,000.

2.3. Deferred Tax (Net)

As a matter of prudence, the Management provides for taxes. The components of net deferred tax asset/ liability are as under:

	As at 31-Mar-15	As at 31-Mar-14
Deferred Tax (Net)		
Deferred Tax Liability		
Fixed Assets	161,100,000	106,700,000
Total	161,100,000	106,700,000

2.4. Other Long Term Liabilities

Other Long term liabilities consist of the following:

	As at 31-Mar-15	As at 31-Mar-14
Other Long term liabilities		
SGM Contribution	426,455,355	403,422,862
Deposit- Collateral AEPS	12,800,000	8,500,000
Deposit - Collateral IMPS	237,250,000	58,000,000
Deposit - Collateral RuPay	2,709,729	2,709,729
Provision - Gratuity	12,545,409	7,370,428
Security Deposit - (NACH)	100,000	-
Total	691,860,493	480,003,019

SGM Contribution:

RBI vide letter DPSS.CO.PD.No.1883/06.07.005/2011-12 dated April 11, 2012 had given consent for the Settlement Guarantee Mechanism Guidelines proposed by the Company. In line with the guidelines, the Company has collected from banks availing NFS services as deposits towards the Settlement Guarantee Mechanism. As a part of risk management of Settlement Guarantee Mechanism an amount of ₹ 369,562,000 has been collected as contribution from the Banks. The amount of SGM contribution including the interest (net of expenses) earned on the said balance, as on 31st March 2015 is ₹ 426,455,355. The SGM Contribution is placed as earmarked fixed deposits. The surplus income earned on these earmarked investments (net off SGM expenses and the Income tax expenses) is transferred to SGM contribution as per the guidelines.

The SGM contribution as on 31st March 2015 is as follows:

	As at 31-Mar-15	As at 31-Mar-14
Particulars		
SGM Balance at the beginning	403,422,862	381,202,763
Add : Interest on SGM Investments	36,447,904	35,089,717
Add : Contribution received during the year	7,00,000	1,00,000
Less: SGM Expenses (Bank charges)	(50,000)	(10,000)
Less: Salary expense of SGM adjusted against income	(25,65,920)	(1,569,492)
Less: Income Tax	(114,99,491)	(11,390,126)
SGM Balance at the end	426,455,355	403,422,862

2.5. Trade Payables

Trade Payables consist of the following:

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	As at 31-Mar-15	As at 31-Mar-14
Trade Payables		
Sundry Creditors	74,367,157	57,634,768
Sundry Creditors - Retention BG/PBG	14,930,948	28,155,455
Earnest Money Deposit	9,980,000	3,900,000
Total	99,278,105	89,690,223

2.6. Other Current Liabilities

Other Current Liabilities consist of the following:

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	As at 31-Mar-15	As at 31-Mar-14
Other Current Liabilities		
Statutory Liabilities	35,659,271	34,671,470
Income Tax Refund AY 2010-11 (Net)	18,067,180	18,067,180
Income Tax Refund AY 2011-12 (Net)	56,982,410	131,482,410
Retention Monies	12,861,598	484,400
Advance for Centralised Promotion of IMPS (Net)	8,683,105	9,458,385
Service Charges received in advance	769,293	1,025,724
Other Payables	342,354	884,597
Security Deposit	194,801	194,801
Deposit - NFS	-	500,000
ECCS Escrow Account	-	4,174
Total	133,560,012	196,773,141

*Advance for Centralised Promotion of IMPS (Net)

The Company has received advance amount from Banks for Centralised Promotion of IMPS. The balance amount as at 31st March 2015 is as follows:

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Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Opening Balance	9,458,385	5,662,880
Received During the year	-	10,200,000
Less : Expenses towards Centralised Promotion of IMPS	775,280	6,404,495
Closing Balance	8,683,105	9,458,385

Statutory Liabilities: It consist of amount payable towards Provident Fund, TDS, Professional tax etc.

Income Tax Refunds:

Assessment Year (AY) 2010-11

During the year 2012-13, the Assistant Director of Income Tax (Exemption)-II(2) , Mumbai had passed an order under section 143(3) of the Income Tax Act, 1961 for the Assessment Year 2010-11, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961 and issued notice of demand u/s.156 of the Income Tax Act, 1961 for payment of Income Tax of ₹ 83,174,830. The Management and the Tax Consultant are of the view that the objects of the company being non-commercial in nature and is eligible to claim the exemption u/s. 11 and 12 of the Income Tax Act, 1961 and thus have preferred an appeal before the Commissioner of Income Tax (Appeals)-I, Mumbai against the assessment order, which is pending disposal.

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

The Company has shown the Income Tax refund ₹ 18,067,180, inclusive of interest on refund and net of payment against stayed demand of ₹ 18,500,000 under Other Current Liabilities. As per view of the Tax Consultant and as advised, the company is eligible for the claim for exemption u/s. 11 and 12 of the Income Tax Act, 1961.

The Management believes that the ultimate outcome of these proceedings will not have any material adverse effect on the Company's financial position and result of Operations.

Assessment Year (AY) 2011-12

During the year 2013-14, the Assistant Director of Income Tax (Exemption)-II(2), Mumbai had passed an order under section 143(3) of the Income Tax Act, 1961 for the Assessment Year 2011-12, disallowing the claim for exemption u/s.11 and 12 on the grounds that the objects of the company are commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961 and issued notice of demand u/s.156 of the Income Tax Act, 1961 for payment of Income Tax of ₹ 176,294,880. The Management and the Tax Consultant is of the view that the objects of the company being non-commercial in nature and is eligible to claim the exemption u/s. 11 and 12 of the Income Tax Act, 1961 and thus have preferred an appeal before the Commissioner of Income Tax (Appeals)-I, Mumbai against the assessment order, which is pending for disposal.

The Company has also filed a rectification under Section 154 and the rectification order has been received for revised demand, net of, ₹ 149,418,300.

Against the order under section 154 the Company has filed a rectification under 154 and the rectification order is yet to be passed by the Assessing officer. As per the computation by the Company the tax demand would be ₹ 148,303,693. The Company has paid ₹ 74,500,000 against the demand and filed Application for stay of demand for ₹ 73,803,693/-.

The Company has shown the Income Tax refund of ₹ 56,982,410 inclusive of interest on refund and net of payment against demand as per stay Application of ₹ 74,500,000 under Other Current Liabilities. As per view of the Tax Consultant and as advised, the company is eligible for the claim for exemption u/s. 11 and 12 of the Income Tax Act, 1961.

The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of Operations.

2.7. Short Term Provisions

Short-term provisions consist of the following:

	₹	
	As at 31-Mar-15	As at 31-Mar-14
Short-term provisions		
Provision for Expenses	140,409,081	171,741,329
Provision - Leave Encashment	11,849,154	9,809,676
Provision for Income Tax - FY 2013-14	-	34,016,933
Total	152,258,235	215,567,939

The movement in the provision accounts is as follows:

Provision for Expenses			₹
Particulars	As at 31-Mar-15	As at 31-Mar-14	
Balance at the beginning of the year	171,741,329	34,862,520	
Provision during the year	124,238,493	167,079,156	
Provision utilised / (reversed)	(155,570,741)	(30,200,347)	
Total	140,409,081	171,741,329	

Provision for Leave encashment			₹
Particulars	As at 31-Mar-15	As at 31-Mar-14	
Balance at the beginning of the year	9,809,676	6,748,257	
Provision during the year	4,617,771	4,382,919	
Provision utilized	(2,578,293)	(1,321,500)	
Total	11,849,154	9,809,676	

2.8. Tangible and Intangible Assets

Asset Group	Gross Block - At Cost			Depreciation			Net Block			
	Cost as at 1-Apr-14	Addition	Deletion	Cost as at 31-Mar-15	As at 1-Apr-14	For the Period	Deletion/ Adjustments	Upto 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
Tangible Assets										
Building		406,744,635		406,744,635	-	4,358,880		4,358,880	402,385,755	-
Computers	36,541,830	18,689,890	412,138	54,819,582	22,129,315	11,112,732	304,316	32,937,731	21,881,851	14,412,515
Network Equipment	398,082,692	57,749,146		455,831,838	250,459,501	37,778,009		288,237,510	167,594,328	147,623,191
Switching Equipment	627,223,249	284,398,277		911,621,526	385,117,229	143,568,321		528,685,550	382,935,976	242,106,020
Furniture & Fixture	19,088,486	358,462	113,291	19,333,657	13,835,686	798,924	113,291	14,521,319	4,812,338	5,252,800
Electrical Installation	9,529,330			9,529,330	2,609,398	839,073		3,448,471	6,080,859	6,919,932
Telephone	1,880,235	706,866		2,587,101	1,256,653	317,269		1,573,922	1,013,179	623,582
Vehicle	1,057,731			1,057,731	505,435	97,811		603,246	454,485	552,296
Office Equipment	18,188,968	1,088,218		19,277,186	6,096,887	4,217,023		10,313,910	8,963,276	12,092,081
Lease Hold Improvements	25,112,412			25,112,412	14,945,823	8,116,991		23,062,814	2,049,598	10,166,589
Sub Total	1,136,704,933	769,735,494	525,429	1,905,914,998	696,955,927	211,205,033	417,607	907,743,353	998,171,645	439,749,006
Intangible Assets										
Computer Software	730,059,494	177,953,265		908,012,759	366,261,148	213,089,848		579,350,996	328,661,763	363,798,346
Grand Total	1,866,764,427	947,688,759	525,429	2,813,927,757	1,063,217,075	424,294,881	417,607	1,487,094,349	1,326,833,408	803,547,352
As at 31-Mar-2014	1,254,399,718	612,753,829	389,120	1,866,764,427	558,435,949	505,011,817	230,691	1,063,217,075	803,547,352	
Capital WIP	31-Mar-15	31-Mar-14								
Capital WIP - IT	78,724,390	8,495,663								
Capital WIP - NPCI NET	1,911,054	1,911,054								
Capital WIP - EMV		1,015,413								
Capital WIP - Premises	16,813,730									
	97,449,174	11,422,130								

During the Financial year the management has changed the depreciation policy to estimated useful life based on the Schedule II of the Company Act 2013. Accordingly the new depreciation has been worked out on the basis of useful life of assets.

Had the Company continued with the previous method, the depreciation for the year ended March 2015 would have been higher by ₹ 127,327,999 and surplus before tax would be lower by ₹ 127,327,999.

2.9. Non-Current Investments

₹

Non-Current Investment	As at 31-Mar-15		As at 31-Mar-14	
	Face value per unit	Face value		
Quoted Investment				
Govt. Sec 8.19% 2020	100	10,000,000	9,980,000	9,980,000
Govt. Sec 8.15% 2026	100	20,000,000	20,025,241	-
Govt. Sec 8.27% 2020	100	80,000,000	80,521,655	-
Govt. Sec 8.40% 2024	100	20,000,000	20,231,199	-
Govt. Sec 8.60% 2028	100	40,000,000	41,959,924	-
Govt. Sec 8.24% 2033	100	40,000,000	42,041,120	-
Un-Quoted Investment (at Cost)				
FD with Financial Institution			-	150,000,000
Total			214,759,139	159,980,000
Value of Quoted Investment at Market Price as on last traded date of Financial Year				
Government Securities			217,936,911	9,637,888

2.10. Other Non-Current Assets

Other Non-Current Assets consist of the following:

₹

Other Non-current assets	As at 31-Mar-15	As at 31-Mar-14
Security Deposit - Premises & Utility Deposit	29,613,870	25,870,820
Group Gratuity Scheme	12,458,266	8,176,880
Group Leave Encashment Scheme	8,300,198	4,832,694
Interest Accrued on deposits (earmarked funds)	3,239,063	3,744,804
Advances to Staff - Leave & License deposit	103,332	84,555
Total	53,714,729	42,709,753

The Company contribute all ascertained liabilities towards Gratuity and Leave encashment to policy obtained from a life insurance company.

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

2.11. Cash and Bank Equivalents

Cash and Bank Balances consist of the following:

	As at 31-Mar-15	As at 31-Mar-14
Cash and Bank Balances		
(A) Cash & Cash Equivalents		
Cash in hand	4,697	11,762
Balance in RBI Current account	110,000	108,000
Sub Total	114,697	119,762
Balance with Scheduled Banks		
with Bank in Current account (Own Fund)	15,406,366	17,920,613
with Bank in Current account (Flexi deposit)	119,290,459	684,133
with Bank in Current account (SGM Contribution)	374,264	
In Deposit Accounts		
with maturity less than 3 months	475,000,000	273,000,000
with maturity more than 3 months but less than 12 months	1,254,925,000	1,348,000,200
with maturity more than 12 months	196,125,000	326,500,000
Sub Total	2,061,121,089	1,966,104,946
(B) Other Bank Balances		
Earmarked Deposits- SGM		
with maturity less than 3 months	8,980,891	-
with maturity more than 3 months but less than 12 months	253,091,872	296,316,184
with maturity more than 12 months	160,769,265	103,116,763
Sub Total	422,842,028	399,432,947
Total	2,484,077,814	2,365,657,655

For better cash management, the Company has arrangement with the Banker where the funds exceeding a specified limit is automatically transferred to flexi deposit account as short term deposit. The balance in Current account (Flexi deposit), as per the bank record, will vary with Company's book balance to the extent of cheques issued by the Company but not presented to the bank.

2.12. Trade Receivables

	As at 31-Mar-15	As at 31-Mar-14
Trade Receivables		
For the period less than six months		
Unsecured but considered good		
Receivables for Transaction charges	159,596,994	139,296,083
Receivables for Network recoveries	28,790,241	4,722,603
Receivables for Others	85,415	54,487
For the period more than six months		
Unsecured but considered good		
Receivables for Network recoveries	163,776	240,058
Receivables for Others	-	674,160
Total	188,636,426	144,987,391

Transaction charges receivable includes charges recoverable on monthly basis.

2.13. Short term loans and Advances

Short-term loans and Advances consist of the following:

	As at 31-Mar-15	As at 31-Mar-14
Short term loans & Advances		
Advances to Vendors	2,047,725	2,891,761
Advances to Employees - Leave & License deposits	431,423	870,166
Advances to Employees and Others	169,190	263,303
Total	2,648,338	4,025,230

2.14. Current Investment

Current Investment consists of the following:

₹

	As at 31-Mar-15	As at 31-Mar-14
Current Investment		
Deposits with Financial Institution		
with maturity less than 3 months	-	-
with maturity more than 3 months but less than 12 months	200,000,000	-
with maturity more than 12 months	-	-
Total	200,000,000	-

2.15. Other Current Assets

Other Current Assets consist of the following:

₹

	As at 31-Mar-15	As at 31-Mar-14
Other Current Assets		
Prepaid Expenses	17,038,185	11,375,635
Prepaid Insurance - RuPay card	58,895,000	6,692,773
Deposit With Insurance Companies	380,788	264,138
Cenvat Credit	27,406,069	19,901,374
Interest Accrued on deposits (other than earmarked funds)	47,716,780	17,602,065
Advance Income Taxes - FY 2014-15 (Net)	72,949,745	-
Advance Income Taxes - FY 2013-14 (Net)	3,978,958	-
Advance Income Taxes - FY 2012-13 (Net)	7,427,013	7,427,013
Advance Income Taxes - FY 2011-12 (Net)	28,729,052	3,729,052
Advance Income Taxes - FY 2010-11 (Net)	391,034	391,034
Advance Income Taxes - FY 2009-10 (Net)	815,705	815,705
Total	265,728,329	68,198,789

The Company has paid Insurance premium on RuPay Card for personal accident cover to RuPay card holders as per an approved scheme.

Prepaid expenses consist of unexpired portion of AMC's, subscriptions, etc.

During the course of the year the Company had received Assessment order u/s 143(3) for FY 2011-12, wherein an additional demand of ₹ 49,900,780 has been raised over and above, the tax paid of ₹ 83,271,053. The Company has filed an appeal before CIT (Appeal) against above said order. The Company has made a Tax provision of ₹ 78,000,000 for FY 2011-12. The Company has paid ₹ 25,000,000 against the said demand. An amount of ₹ 55,171,833 has been shown as contingent liability.

2.16. Other Income

Other Income consist of the following:

₹

	Year ended 31-Mar-15	Year ended 31-Mar-14
Other Income		
Interest Income on deposits	199,864,940	156,175,759
Interest Income on earmarked fund SGM	36,447,904	35,089,717
Interest Income on Government Securities	5,465,267	819,000
Income on T-Bill	-	7,875,870
Other Charges	817,546	514,420
Reversal of Provision of expenses	22,588,019	-
Liquidated damages	3,043,702	1,319,704
Total	268,227,378	201,794,470

Income from Liquidated damages is for non-performance of stipulated terms in the contract / purchase order, by the vendors.

2.17. Operating Expenses

Operating Expenses consist of the following:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
Operating Expenses		
Hosting Charges	31,742,417	27,649,458
Network Expenses*	91,015,361	104,395,376
Power & Fuel	12,903,508	12,213,244
Annual Maintenance Charges - IT	99,005,668	57,963,137
Shifting Charges	357,975	131,961
Trademark Registration Charges	357,522	570,550
Testing & Certification Charges	28,661,230	29,433,795
Hire & Rental Charges- IT	588,156	268,512
USSD Integration Expenses	565,146	471,687
Total	265,196,983	233,097,720

* Network Expenses

The break-up of Network Expenses is as follows:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
*Network Expenses		
Network Expenses	11,196,975	19,537,960
Network Expenses - CTS (Own)	18,431,050	25,816,679
Network Expenses - CTS (Banks)	22,998,022	19,603,580
Network Expenses- NFS	24,676,615	24,151,837
Network Expenses- FMS	13,712,699	15,285,320
Total	91,015,361	104,395,376

2.18. Employee Benefits Cost

2.18.1. Employee Benefits Cost consist of the following:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
Employee benefits cost		
Salary and Allowances	420,855,151	327,975,239
Contribution to Employee Benefits	24,814,821	20,598,745
Outsourcing - IT Manpower	33,963,070	18,784,442
Staff Welfare	7,671,514	4,404,800
Deputation Expenses	296,872	2,587,917
Total	487,601,428	374,351,143

2.18.2. Gratuity

Disclosure as required by Accounting Standard 15 on Employee Benefits in respect of Gratuity: The Gratuity Scheme of the Company is funded with LIC of India in the form of qualifying insurance policy. The disclosure is based on Actuarial Valuation details provided by LIC of India.

₹

Description	Year ended 31-Mar-15	Year ended 31-Mar-14
Expense recognized in the statement of Profit and Loss Account for the year		
Current Service Cost	3,366,215	2,382,708
Interest Cost	(37,734)	(87,471)
Net Actuarial (gain) / loss recognised during the year	917,257	301,073
Total Expense to be recognized in Profit and Loss Account	4,245,738	2,596,310
Expense Accounted for the year	4,245,738	2,596,310
Actual return on plan assets		
Expected return of plan assets	711,389	419,492
Actuarial gain / (loss) on plan assets	217,854	221,653
Actual return of plan assets	929,243	641,145
Net Asset / (Liability) recognized in the Balance Sheet		
Present value of obligation	(12,545,389)	(7,370,408)
Fair value of plan assets	12,129,846	8,176,880
Funded status { surplus / (deficit) }	(415,543)	806,472
Net Asset / (Liability) recognized in the Balance Sheet	(415,543)	806,472
Change in Present value of Obligation during the year		
Present value of obligation at the beginning of the year	7,370,408	4,150,261
Current Service Cost	3,366,215	2,382,708
Interest Cost	673,655	332,021
Benefits Paid	-	(17,308)
Actuarial (gain) / loss on obligation - Due to Change in Financial Assumption	766,207	522,726
Actuarial (gain) / loss on obligation - Due to Change Experience	368,904	-
Present value of obligation at the end of the year	12,545,389	7,370,408
Change in Assets during the year		
Fair value of plan assets at the beginning of the year	8,176,880	4,821,750
Expected return on plan assets	711,389	419,492
Contributions made	3,023,723	2,731,293
Benefits Paid	-	(17,308)
Actuarial (gain) / loss on plan assets	217,854	221,653
Fair value of plan assets at the end of the year	12,129,846	8,176,880
Actuarial Assumptions		
Discount rate	8.04%	9.14%
Expected rate of return on assets	8.04%	8.70%
Employee Attrition Rate	13.00%	13.00%
Future salary increases consider inflation, seniority promotion	6.00%	6.00%

2.19. Administrative and Establishment Expenses

Administrative and Establishment expenses consist of the following:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
Administrative & Establishment Expenses		
Telephone & Communication Expenses	14,023,649	11,823,027
Travelling & Conveyance Expenses	29,809,837	24,517,501
Travel Expenses - Overseas	8,591,287	8,895,102
Travel Expenses - Directors	3,925,932	2,070,544
Internet Expenses - Directors	387,862	31,078
Sitting Fees to Directors	2,960,000	1,590,000
Rent Rates & Taxes	84,236,128	65,228,129
Power & Fuel	9,813,529	6,648,063
Meeting Expenses	11,678,172	13,178,965
Internal Audit Fees	864,000	854,000
Insurance	1,082,340	3,052,107
Periodicals & Newspaper	510,555	142,024
Postage & courier	1,180,735	876,491
Housekeeping	4,999,403	3,330,177
Office Maintenance	3,505,390	3,967,831
Printing & Stationery	2,167,931	1,982,509
Hire & Rental Equipment	312,020	154,266
Computer Consumables	5,485,647	3,633,973
Staff Relocation Expenses	551,604	631,165
Employer - Profession Tax	2,500	2,500
Repair & Maintenance Charges	1,638,832	1,451,312
Security Charges	2,827,098	1,900,644
Bank Charges	558,470	100,455
Interest on TDS	180	336
Amortisation of Premium on Government Securities	70,861	-
Total	191,183,962	156,062,200

2.20. Other Operating Expenses

Other Operating Expenses consist of the following:

₹

	Year ended 31-Mar-15	Year ended 31-Mar-14
Other Operating Expenses		
Advertisement Expenses	57,756,703	3,808,427
Recruitment Expenses	3,916,144	3,054,729
Marketing Expenses	88,766,363	79,197,234
RuPay Issuer Incentive	143,765,353	42,253,960
Insurance - RuPay Card	31,000,968	-
Professional Fees # (see details below)	84,295,383	46,287,482
Software & IT Expenses	1,528,832	2,336,098
Conference / Seminar /Study Visit - International	4,302,291	1,531,622
Training and Seminar	7,260,549	7,847,506
RFP Expenses	494,802	1,267,778
Membership Fees	1,088,658	692,757
Miscellaneous Expenses	2,218,689	1,095,351
Subscription	249,070	154,173
Foreign Exchange Loss / (Gain)	137,755	16,908
Write- off of Assets/Others	512,893	161,603
Equipment Shifting Charges	7,228,640	-
Paper to Follow - CTS Charges	30,132,151	10,198,261
Auditor's Fees * (See details below)	305,000	195,000
Tax Audit fees	80,000	45,000
Corporate Communication	1,962,558	1,623,169
IMPS Promotional Expenses	134,569	486,590
Escrow Agent Fees	1,345,313	194,288
Total	468,482,684	202,447,936

* Auditor's Fees

₹

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Statutory Audit Fees	200,000	100,000
Fees for Limited Review	105,000	95,000
Total	305,000	195,000

Professional Fees

₹

Professional Fees	Year ended 31-Mar-15	Year ended 31-Mar-14
Professional Fees-ACH Benchmarking	6,950,257	-
Professional Fees-ITM Benchmarking	15,100,000	13,500,000
Professional Fees-Testing and Certification	16,965,611	5,224,443
Professional Fees-EMV	22,507,317	-
Professional Fees – Cards	-	5,681,207
Professional Fees – IT	2,880	3,975,319
Professional Fees – Others	22,099,318	17,416,513
Sub total	83,625,383	45,797,482
Honorarium Fees	670,000	490,000
Sub total	670,000	490,000
Total	84,295,383	46,287,482

Advertisement expense includes an amount of ₹ 50,000,000 contributed to Indian Banks Association (IBA) towards publicity campaign for Pradhan Mantri Jan Dhan Yojna (PMJDY).

RuPay issuer incentive consist of amount paid to Banks for issuing RuPay cards.

Insurance - RuPay card consist of premium paid for providing accidental insurance coverage for RuPay card holders.

Marketing expenses includes ₹ 57,505,448 reimbursement to banks for RuPay bin propogation on POS terminals.

2.21. Finance Charges

Finance charges consist of the following:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
Finance Charges		
Interest on Deferment of Advance Tax	-	3,125,445
Total	-	3,125,445

2.22. Prior Period Items

Prior period items consist of the following:

	₹	
	Year ended 31-Mar-15	Year ended 31-Mar-14
Prior Period Expenses		
Annual Maintenance contract	2,275,511	229,288
Outsourced IT Manpower	1,275,651	-
Professional Fees - Others	50,000	-
Software & IT Expenses	62,850	612,400
Maintaince - Goregoan office	31,542	-
Housekeeping	98,699	-
Printing & Stationery	81,942	-
AMC Software	1,444,370	-
IMPS Promotional Expenses	-	979,529
Network Expenses	-	3,227,485
Outsourced cost Support Services	-	737,188
Meeting Exp - Equip Hire	48,944	-
Outsourced Non IT Manpower	-	255,000
Rent	-	300,000
Internet Expenses	-	114,924
Telephone Expenses	-	132,760
Other	210,827	228,021
Total	5,580,336	6,816,595

2.23. Related Party disclosures

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

Key Managerial Personnel:

1. A.P.Hota, MD and CEO
2. Sanjay Saxena, CFO
3. Anjalee Javeri, Company Secretary

₹

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Salary and Allowances	13,173,994	7,305,830
Performance Incentive	1,845,000	1,000,000
Total	15,018,994	8,305,830

2.24. Earnings per share

Earnings per share is as follows:

₹

Particulars	Year ended 31-Mar-15	Year ended 31-Mar-14
Net Surplus as per Income and Expenditure account	1,106,329,027	582,996,564
Weighted average number of equity shares	10,000,000	10,000,000
EPS :		
(1) Basic EPS (Face value ₹ 100 per equity share)	110.63	58.30
(2) Diluted EPS (Face value ₹ 100 per equity share)	110.63	58.30

2.25. Segment Reporting

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

2.26. Contingent Liabilities and Commitments

₹

Contingent liabilities and commitments (to the extent not provided for)	Year ended 31-Mar-15	Year ended 31-Mar-14
(i) Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	751,396,727	1,068,970,607
(b) Revenue commitments	443,583,512	444,800,136
Sub Total	1,194,980,239	1,513,770,743
(ii) Contingent Liabilities		
Income Tax demand for AY 2010-2011	1,208,237	1,208,237
Income Tax demand for AY 2011-2012	18,326,918	18,326,918
Income Tax demand for AY 2012-2013	55,171,833	-
Sub Total	74,706,988	19,535,155
Total	1,269,687,227	1,533,305,898

Contingent Liability for Income Tax:

The Tax demand arise due to Assessment Order u/s 143(3), disallowing the claim for exemption u/s 11 and 12 on the grounds that the objects of the company are commercial in nature and is hit by the provisions of section 2(15) and section 13(1)(c)(ii) of the Income Tax Act, 1961. The Company has preferred an appeal before CIT (Appeal) against assessment order u/s 143(3).

As per view of the Tax Consultant and as advised, the company is eligible to claim for exemption u/s. 11 and 12 of the Income Tax Act, 1961 and hence the Management has not provided additionally for the said demand pending disposal of the appeal and rectification order.

The Contingent liability for AY 2010-11 amounts to ₹ 1,208,237/- is on account of difference between the tax demand by the revenue authority of ₹ 35,208,237/- against provision in the books of accounts of ₹ 34,000,000/- .

The Contingent liability for AY 2011-12 amounts to ₹ 18,326,918/- is on account of difference between the tax demand by the revenue authority of ₹ 162,326,918/- against provision in the books of accounts of ₹ 144,000,000/- .

The Contingent liability for AY 2012-13 amounts to ₹ 55,171,833/- is on account of difference between the tax demand by the revenue authority of ₹ 133,171,833/- against provision in books of accounts of ₹ 78,000,000/- .

2.27. Expenditure in Foreign Currency

2.27.1 Value of Imports

	Year ended 31-Mar-15	Year ended 31-Mar-14
Particulars		
Software License	12,026,371	27,198,228
Total	12,026,371	27,198,228

2.27.2 Revenue Expenditure in Foreign Currency

	Year ended 31-Mar-15	Year ended 31-Mar-14
Particulars		
Foreign Travel Expenses	4,914,864	4,634,115
Membership Fees and Subscription	5,260,390	1,046,756
Conference/Seminar/Study Visit	1,674,402	291,170
Email Hosting Charges	3,717,683	2,322,557
Trademark Registration	357,522	570,550
Escrow Agent Fees	1,345,313	194,288
Books and Periodicals	36,309	37,381
AMC - Software	1,108,345	481,890
Professional Fees - Others	14,159	341,902
Foreign Exchange Fluctuation - (Gain) / Loss	137,755	17,855
Total	18,566,742	9,938,464

Accounting for Foreign Currency Transaction:

Transactions 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.

2.28. 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.

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Particulars	As at 31-Mar-15	As at 31-Mar-14
a (i) Principal amount remaining unpaid to any supplier / service provider at the end of the accounting year	-	154,188
(ii) Interest due on above	-	-
Total	-	154,188
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.	-	-

2.29. Provision for Tax

The Company was been incorporated as a 'Not for Profit Company' under Section 25 of the Companies Act, 1956 (now section 8 of Companies Act 2013), and was granted registration under Section 12AA of the Income Tax Act 1961 by the Office of Director of Income Tax (Exemptions). The Company was granted license by RBI under Payment and Settlement Systems Act, 2007 to operate the Retail Payment System in India. Honourable Finance Minister while presenting the PSS bill on the floor of Parliament had committed that NPCI would be set up as a Not for Profit Company and no profit will be distributed as dividend to any shareholder but would be ploughed back to further the objectives of the Company.

As per Memorandum and Articles of Association of the Company, no objects shall be carried out on a commercial basis. The Management is of the view that the income received while implementing the Retail Payment System is only incidental as the Company has not carried out the same on commercial basis. However as a matter of prudence, the Management had decided to pay Income tax and claim refund of the tax paid. In a view of same, the Management had decided to make a provision towards tax liability. Accordingly, an amount of ₹ 530,000,000 has been provided for the period ended 31st March 2015, being the amount of Income Tax computed under the provisions of the Income Tax Act 1961 and recognised deferred tax expense of ₹ 54,400,000 as per the provision of Accounting Standard.