



**TOGETHER WE CAN.  
TOGETHER WE WILL.**

**ANNUAL REPORT  
2014 -15**



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**ELECTRONIC PAYMENT AND SERVICES (P) LTD™**  
*A payment system company*

## MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



Dear Friends and Stakeholders,

The initial thoughts I recall of the past year is that of a new government taking charge with lots of enthusiasm and expectations. As per a Tamil proverb “nizhalin arumai veyilil theriyum” which means you would realise the good only when you can compare it with the bad. They are inseparable. The world has experienced a meltdown and while Europe and the US are trying to recuperate from the meltdown, China has slowed down for the first time in the last ten years. The Indian banking industry that depends largely on the public sector continues to be plagued by NPAs and the normal 19 - 20% growth was achieved with lot of efforts, but the future of the payment transactions industry seemed favourable. Looking forward to statements from RBI governor on payment banks and small banks was a sweetener for many veterans related to the industry. While cash was still the king, the e-payments space grew overall at a rapid pace of 27.1%, better growth envisaged in the coming years.

ATM growth slowed down when compared to last year @ 12%. The total number of ATMs in the country stayed just below 1,81,252 mark. SBI continues to hold 40% of the market share. Transactions jumped up a notch thanks to non-deployment or slowed deployment across the country. Also, the government’s drive on PMJDY and new RuPay Cards issued to new customers.

We heaved a sigh of relief and excitement on completing the deployment of 4000 plus machines by December 2014. EPS created a record in the industry when we deployed 1000 ATMs in 60 days. We won accolades from banks as the fastest ATM deployers in the country and the only ATM managed service provider to complete our ATM deployment target on time.

EPS then won a new contract for Canara Bank’s requirement of 1200 ATMs and deployed 400 ATM machines by the end of this fiscal. This is the first time we carried on business as usual with lesser debt and using internal accruals largely. We have been through a period of external and internal challenges over the last four years. As we prepare for the future, we strongly believe that without a struggle, there can be no progress and these changes will help us stay agile and relevant to changing client priorities. In the year ahead, we foresee challenging times for us and for the ATM industry. We must stay ahead of the curve in our technical culture, thought and competence. This is the critical need we have today to reinvent and

differentiate ourselves in the market place and this is core to the strategy of the company.

EPS is an equal opportunity employer and a place that brings together smart, talented people from a diversity of backgrounds that use technology and innovation to solve some of the industry's biggest challenges in the ATM and Payments sector in India. EPS can boast of the least attrition rate and is a truly employer friendly organization with various facilities and benefits. When it comes to our benefits and perks, we offer way more than just the basics i.e. Support for Higher Education, Annual Training Programs, Internal Job Promotions (IJP), Reward & Recognition Programs, Daily Transport Facility, Subsidized Food Facility, Flexible Working Hours, Medi-Claim & Health Insurance Policy, Annual Medical Health Check-up for our employee(s) and their spouse(s), Life Insurance Policy, Provident Fund, National Pension Scheme etc. Our benefits are part of who we are and they're designed to take care of the employees and keep them healthy, whether physically, emotionally, financially or socially.

Over time, EPS has emerged as a prominent brand that delivers as promised in the ATM industry and has established important milestones along the way.

- Successfully deployed 5000+ ATM machines in India.
- Serving 21+ public sector banks in India.
- Deployed the first live ATM in Mumbai under India's Ministry of Finance financial inclusion project.
- Holds the record of deploying 1000 ATM machines in 60 days.
- Built a state-of-the art ATM Managed Services Center for 24x7 ATM monitoring and value added services.
- Recipient of 'Best Partner Award' by HUGHES Communications India Ltd.
- Nominated as 'Enterprise Start-up to Watch in 2015' by CIO Review, India.

While EPS continues delivering on value, commitment and excellence, I wish to thank the Shareholders, fellow Directors, Promoters, Senior Management Team, Government of India particularly The Ministry of Finance and Regulatory Authorities and last but not least, our valued customers and respected bankers for their understanding, co-operation and patronage.

Yours sincerely,

Mr. Mani Mamallan  
Chairman and Managing Director  
Mumbai





## EXECUTIVE TEAM

### BOARD OF DIRECTORS

Mr. Mani Mamallan  
Chairman & Managing Director

Mr. Sanjay Kapoor  
Director

Mr. Vineet Rai  
Nominee Director

Mr. Noshir Colah  
Nominee Director

Mr. V Sridhar  
Board Advisor

### PROMOTERS

Mrs. Vidya Rani Mani Mamallan

Mr. Sanjay Kapoor

Dr. Gurusamy

### CHIEF OPERATING OFFICER

Mr. Prakash Joshi

### CHIEF FINANCIAL OFFICER

Mr. Farroukh Kolah

### KEY MANAGEMENT TEAM

Mr. Manohar Bhoi  
President - Technology

Mr. A. Chandrasekaran  
President - Services

Ms. Vidya Rani Mani Mamallan  
President - HR & Administration

Mr. Murali Bhavanarayan Sharma  
President - Operation and Governance

Mr. Thyagarajan Seshadri  
Vice President - Banking Relationship



# INSIDE STORY



# THE INSIDE STORY

## IMPROVING WELFARE & GROWTH OPPORTUNITIES ADMINISTRATION



The Administrative department caters to employee benefits and welfare and is also responsible for infrastructure maintenance and optimisation. This year, the elevation in the organisational growth path resulted in higher employee strength, which was proficiently managed by modifying infrastructure with proper space utilization.

At EPS, personnel management is a key to strengthen employee cohesion and internal conjunction and these are enabled by enhanced transport management, subsidized food facility and nominal tele-calling facilities under the CUG (closed user group) plan. Registry management along with asset and property management are few of the other key areas this department manages.

With employee safety and security as one of our main priorities, the administration team has appointed superior service providers for managing 24\*7 security and also food catering this year, thus providing a safe and healthy environment to work and thrive in. To add to the department's portfolio, the team continues to contribute and support all kinds of cultural and HR initiatives undertaken by the organisation.

## SCALING NEW HEIGHTS BANKING RELATIONSHIP



The business team at EPS is a combination of energy, teamwork and commitment. Based on the company's core values, vision and mission, we have paved a journey of excellence, harnessed by our core expertise, knowledge and skillsets. An organisation, big or small, its growth story is inscribed by the kind of sales force it has. And we at EPS, truly believe and relate to the goals we set.

Over the last 2 financial years, stepping into the 3rd year of building and nurturing relationships, we witnessed significant success. FY 2014 - 15 bestowed promise and opulence, as EPS was honoured as the only ATM Technology Service Provider in India to be invited by the Ministry of Finance to participate in the formal launch of the Pradhan Mantri Jan-Dhan Yojana (PMJDY), in the presence of our Honourable Prime Minister, Shri. Narendra Modi.

EPS started its 24\*7 state-of-the-art ATM Managed Services Centre, inaugurated by Mr. N. Jambunathan, Deputy Managing Director and CIO, State Bank of India. This was an important initiative to support the Ministry of Finance project thus yielding a robust relationship with major banks. There was a surge in revenue statistics with EPS building yet another association with Canara bank for deployment services across India. ATMoSPHERE 2015, an annual event was hosted by EPS with the gracious presence of Guest of Honor, Mr. V. G. Kannan, MD (A&S), State Bank of India. This was an event heralding strong relationships of EPS with its major portfolio of customers, vendors, partners, advisors, consultants and stakeholders, thereby establishing business associations and creating value in the ecosystem.

As we observe an upward trend in business growth, predominantly based on large scale ATM deployment, we envision to maintain holistic service levels and nurturing our professional relationships to entirely new heights.

## REINVENTING LEADERSHIP CORPORATE AFFAIRS



The proven leadership and successful management experience has helped EPS achieve all our business goals, latest projects, compliance and governance successfully. Strategic investment initiatives and effective communication with our valued stakeholders and patrons has been our constant endeavour to achieve common goals, growth and future developments.

The corporate affairs department is closely associated in the process of delivering qualitative budgeting and legal binding to compile the statutory compliances. This proactive approach has helped us meet our investors' expectations. At EPS, we are keen on promoting and embedding a strong performance culture through setting standards and monitoring individual performance, while accelerating excellence.

Through our efficient and effective management of resources we strive to achieve corporate service offerings, manage partners, vendors, investors, stakeholders and service providers to generate equal opportunities towards growth and development.

## REFINING BUSINESS PROGRESS



### FINANCE & ACCOUNTS

EPS continues to gain confidence of lenders and financial market participants to fund its expansion plans, Bank of India, sanctioned amount of INR 50 Crore to fund the implementation of the Canara Bank project. New lenders included Rent Asset Initiatives (with Hero Fincorp as the funding partner) and Siemens Financial Services. Existing relationships with Tata Capital Financial Services and Kotak

Mahindra Bank were leveraged for additional funding and non-funded facilities. The credit rating of the company were upgraded to investment grade (BBB-) by Crisil followed by ICRA.

During FY15 groundwork was done for raising additional equity from existing investors. This bore fruition in May 2015 with INR 30 crore infusion of capital. With this EPS maintains a prudent capital structure and diverse lender base to fund ongoing expansion for its journey towards profitable growth. The Finance and Accounting department at EPS is a vital partner to the business in providing inputs relating to business strategy, plans and funding.

## REFORMING VALUES & EQUAL OPPORTUNITIES

### HUMAN RESOURCES



A Human Resources department is a critical component of employee well-being in any business. The HR department advocates EPS's Mission and Vision by nurturing a conducive and fulfilling work environment. We at EPS believe in attracting the right fit and diverse talent through the most effective source of recruitment i.e. Employee Referrals. The HR department also works closely with all the internal departments and agencies to enhance the value add of the

employees. Robust retention tools have been implemented to ensure sustenance of the high performing talent.

In the best interest of our employees, EPS has introduced various employee benefits, keeping at par with the best market practices. Policies and procedures have been amended, keeping in line with employee satisfaction. Higher education policy, mobile hand set reimbursement policy, employee referral policy etc., were also introduced for the benefit of all employees.

EPS firmly believes in commitment towards 'Social Responsibility' and giving back to the society. Among our many humanitarian initiatives, EPS had financially sponsored part of the bone marrow transplant treatment of a 3 year old child battling cancer in Apollo Hospital, Chennai and also settled the hospital dues of an employee's father who was financially underprivileged and ailing from a severe case of dengue.

## REVAMPING BRAND IMAGE & CORPORATE IDENTITY

### MARKETING COMMUNICATIONS & PUBLIC RELATIONS



Marketing communications (MarCom) is a fundamental and complex part of a company's marketing efforts. Our aim of marketing is to know and understand the customer so well that our product or service fits him and sells itself. At EPS, our marketing mantra is driven by strategy and vision in creating a positive and memorable end user experience. Though banks are our primary focus in terms of providing supreme quality service, we also keep in mind the basic need of customers who

are banking with us and on us. This way we continue to bestow high value thus creating an increased perceived value. MarCom department is essentially responsible for all areas related to communication & marketing strategies; public relations, advertising & media planning; communication training; crisis management; social media management; event and trade shows management; building and managing the company's brand and CMD / CEO reputation and image; quarterly newsletter and annual report; literature and print material for new products, services, sales promotions & campaigns and integrated communications liaison for stakeholders, investors, clients, employees & media agencies.

Over the year, EPS has actively sponsored events promoting financial literacy, with a zeal to serve the unbanked population in India and has participated in prominent national banking conferences as speakers on ATM technology and electronic payment services driving financial inclusion, digital banking and PMJDY objectives i.e. CeBIT India 2014, CeBIT Compass

2015, IBEX India 2015, Indian Banks' Association (IBA) Annual Banking Technology Conference & Awards 2015, Forum For Inclusive Financial System (FFIFS) etc. ATMOSPHERE, the first ever, one of a kind awards event was also launched this year by EPS for the ATM industry and its ecosystem. This event received stupendous contribution and appreciation from all bankers, stakeholders, customers, vendors, partners, advisors and consultants.

MarCom's endeavor in enhancing the organization's corporate identity and brand has successfully established the senior management in EPS as thought leaders and experts in the ATM and banking industry by authoring regular articles for leading media online and print publications in the BFSI sector. A feather in our cap was when EPS was honored by renowned IT magazine 'CIO Review' for our stellar working methodologies and unique inventive practices and was featured in the magazine's cover story 'Enterprise Startups to Watch in 2015', thus adding to our credentials in FY 2014 - 15. By preserving the milestones set as benchmarks, we look forward to create more ground breaking crusades in fulfilling our corporate strategies and elevating the organization's brand value and identity.

## RESHAPING ORGANIZATIONAL GOALS & PROCESSES OPERATIONS & GOVERNANCE



March 2015 observed yet another milestone of successfully installing close to 4829 ATMs and set benchmarks in the history of EPS corporate story. Our corporate governance is an attainment of the highest level of transparency, accountability and equity in all spheres of operations, interaction with the stakeholders, employees and others. At EPS, we believe that governance driven conduct applies as much to an individual, as to a corporate. Corporate governance entails a framework of

ethical conduct that protects the interest of all stakeholders.

Right from inception, EPS conducted its business in a manner to inspire trust from prospective lenders and customers for service, speed, reliability, commitment and financial integrity. Three years have passed since the company started doing business; the company now enjoys industry respect which is derived from a progressive investment in governance. The processes and systems are in place and these are directed towards the primary interest of its bank customers and the resulting benefits will generate a virtuous cycle that will make it possible for the company to service the diversification. All EPS employees are committed to adhere governing laws and regulations 'everyday & everywhere' to protect our business conduct; to be honest, fair and trustworthy while carrying out all activities for and at EPS, to strive and create a professional, safe and transparent organization.



## RESHAPING EXCELLENCE SERVICES

The year 2014 witnessed a massive roll out of ATMs culminating to a successful deployment growth. Post achieving set targets, 2015 was majorly focussed on consolidation and Transaction Improvement Plan (TIP). EPS has efficiently been able to transfer approximately 500 ATMs from lobby level to



full-fledged sites this year, also relocating 160+ ATMs from low hit sites to high traffic locations as 2nd ATMs, followed by replacing a significant number of banks' long-standing ATMs.

EPS effectively displayed total competence with a complete roll out of 600 ATMs under Phase 1 of Canara Bank Project, wherein with prudent selection of geography and sites, yielded a TPD of 124 in Canara Bank. The onward journey would be to expect the second phase of rollout, generating an ATM number of 600 under the same project. Tie-up with a WLA venture has enabled EPS to look forward to a deployment number of 1000 ATMs, which is hopeful to be achieved in the next fiscal.

The FY 2015 - 16 is certainly going to be another milestone year for EPS in terms of ATM ramp-up thus enhancing and exhibiting improved corporate growth and delivering high end service levels.

## REVOLUTIONISING INDUSTRY APPROACH TECHNOLOGY



Driven by innovation, technology and performance, our technology team at EPS is always in sync with our corporate strategy. With the organisation's exponential growth in terms of ATM deployment in the year gone by, we have observed excellent execution and reached the defined numbers in a short tenure thus scaling up the company's business objectives.

In the year 2014 - 15, our Managed Services Centre was went live with 4000 plus ATMs of 21 PSU banks, which has impacted our service levels positively with enhanced comfort levels to our clients. This charts out the efficacy with which the organisation puts forward energy, dedication and continues inspiring the whole value chain.

EPS has also developed an Electronic Journal (EJ) solution called 'SmartX' which enables us perform EJ pulling services with superior uptime and reduced cost. This has empowered us to a high degree in collection of transaction logs of every ATM transaction done by cardholders, to a central repository.

A surge of 15% YOY growth in transactions during the year 2014 - 15, has sparked momentum in inspiring us to deliver the best in class ATM outsourcing and managed services. The way forward, would be to venture into avenues looking at new technology solutions like 'new generation transaction switching' for our clients, as well as further automation in our existing services like ATM monitoring, field activities and reconciliation etc., thereby augmenting the development of the organisation in the ATM industry.

## AUDITORS AND COMPANY SECRETARY

### COMPANY SECRETARY

Jain Rathi and Associates

### ASSOCIATES

CISB ATM Services Pvt. Ltd.

### STATUTORY AUDITOR

Deloitte Haskins & Sells LLP

Deloitte Haskins & Sells LLP (DHS LLP), Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed thereunder, it is proposed to appoint DHS LLP as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the sixth AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

### INTERNAL AUDITOR

Pricewaterhousecoopers Pvt. Ltd.

EPS has appointed Pricewaterhousecoopers Pvt. Ltd. to oversee and carry out internal audit of its activities. The audit is based on an internal audit plan, which is reviewed each year in consultation with the audit committee and the senior management. In line with international practice, the conduct of internal audit is oriented towards the review of internal controls and risks in its operations such as service execution, accounting and finance, procurement, employee engagement, travel, insurance, technology and customer relationships.

EPS has an audit committee, which reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets EPS' statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically.

# BANKERS & FINANCIAL INSTITUTIONS

## BANKS

### LIST OF BORROWERS:

#### I) BANKS:

##### 1) Kotak Mahindra Bank Ltd.

Registered Office:

36-38A, Nariman Bhavan, 227 Nariman Point, Mumbai - 400 021

##### 2) Bank of India

Address:

Nariman Point Large Corporate Branch, 92-93, Free Press House, 9th floor, Free Press Journal, 215, Nariman Point, Mumbai - 400 021

#### II) FROM OTHER PARTIES:

##### 1) Rentworks India Private Limited

Address:

Gateway Plaza, 102-107, 1st Floor, Hiranandani Gardens, Powai, Mumbai - 400076

##### 2) Tata Capital Financial Services Private Limited

Address:

Tower A 11th Floor, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013.

##### 3) Jain Sons Fin Lease Limited

Address:

13-C, Techniplex-II IT Park, 6th Floor, Off Veer Savarkar Flyover, Goregaon (W), Mumbai - 400 062.

##### 4) Rent Alpha Private Limited

Address:

1011, 11 Floor, Peninsula Park, Off Ansheri Link Road, Near Yash Raj Studios, Andheri (W), Mumbai.

##### 5) RentAsset Initiatives Private Limited

Address:

205-B, Floral Desk Plaza, Road No 23, Off SEEPZ, MIDC, Andheri (East), Mumbai - 400 093.

##### 6) Siemens Financial Services Private Limited

Address:

130, Pandurang Budhkar Marg, Worli, Mumbai - 400 018.

## INVESTORS



### AAVISHKAAR VENTURE MANAGEMENT SERVICES

Aavishkaar is a pioneer in early stage investing in the country and has been active in the space for over a decade. They believe that investing in early stage entrepreneurial ventures can not only deliver commercial returns, but also bring about significant efficiencies and developmental impact to rural and underserved communities. Aavishkaar has built a track record of high impact scalable enterprises in its portfolio that span across seven key sectors, namely Agriculture and Dairy, Education, Energy, Handicrafts, Health, Water and Sanitation, Technology for Development and Microfinance and Financial Inclusion.

Aavishkaar aims to harness the entrepreneurial spirit at the bottom of the pyramid to create inclusive economic development. They seek to empower disadvantaged and rural communities through infusion of commercial activities. Typically entrepreneurs who operate at the lower end of the economic spectrum are overlooked by financiers as they are categorized as being too small and risky.

They believe not only do these entrepreneurs have potential to create widespread impact on local communities through boosting local production and creating livelihood opportunities but also provide attractive commercial returns. Aavishkaar have taken it upon themselves to be the leaders of micro equity investments to create scalable small entrepreneurs with significant social impact.

Aavishkaar provides investment advice and support to the following four funds:

Aavishkaar I

Aavishkaar II

Aavishkaar Goodwill I

Aavishkaar Goodwill II





## ASIA PARTICIPATION B.V. (FMO)

FMO (Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.) is one of the world's largest bilateral developmental financial institutions, providing financing solutions for private companies in some 60 developing countries. FMO is a sound financial institution with an AAA rating from Fitch Ratings and an AA+ rating from Standard & Poors.

FMO is the Dutch development bank and offer capital and knowledge as partners to companies, projects and financial institutions in developing countries and emerging markets. They believe that entrepreneurship is key in creating sustainable economic growth and improving people's quality of life. They specialize in sectors, where their contribution can have the highest long-term impact - financial institutions; energy and agribusiness, food & water. FMO finances entrepreneurs from developing countries because we believe a thriving private sector fuels economic and social progress.

Their mission is to empower entrepreneurs to build a better world. FMO's solid profile allows them to invest in higher risk markets, either with our their capital or on behalf of the Dutch government. Founded in 1970, FMO is a public-private partnership, with 51% of our shares held by the Dutch state, and 49% held by commercial banks, trade unions and other private-sector representatives.

“

To be the leading provider of technology solutions in the Retail Banking & Payments System.

”

VISION

“

To be a leading provider of banking and retail terminals (ATM/PoS) by providing cost effective banking and transaction related services and solutions.

To establish a dependable electronic payment network and be a differentiator in providing electronic payment services.

”

MISSION

## CORE VALUES

### SERVICE

To understand, determine and deliver what our clients need, with a high standard of customer service and professionalism.

### TRUST

We believe that trust and respect are essential for teamwork.

### RELATIONSHIP

We believe in building strong relationships through transparency and fairness in all our dealings.

### INTEGRITY

We are committed to a high standard of integrity .

### VALUE PEOPLE

We value every member of our team and encourage their development.

### EXCELLENCE

We strive to excel always.



## OVERVIEW OF THE ATM INDUSTRY IN INDIA

There was a significant movement in the industry space which witnessed some major changeovers, with the ATM industry in India growing at a CAGR of 26.8%, with a total number of ATM terminals reaching nearly a total of 1, 14,000 in the past 5 years according to Ken Research Report. Considering the public sector banks which maintained the highest share in overall number of ATMs in the country, the number depicted was 72.2% followed by private sector banks with a total number of ATM terminals deployed showing a surge of 11,967 from FY'2008 to 43,101 in FY'2013. The contribution of foreign banks to the total number of on-site ATMs in the country has been 0.5% whereas to that of total number of off-site ATMs has been 1.7%. The market size of ATM cash management system in India was around INR 2,000 crores in FY'2011 which inclined to INR 2,105.3 crores in FY'2013, thus showcasing a CAGR of 2.6%.

As we observe, the number of ATMs in India increasing from 43,651 in FY'2009 to 181,252 by FY'2015, it is thus deduced that outsourcing of ATM services has grown in line with the number of ATMs in India. The volume of transactions at ATMs in India has been increasing, and is majorly due to two reasons that are, increasing debit and credit card base, in addition to the rising number of ATMs in the country. Since the revenue of ATM managed service providers is also dependent on the number of transactions taking place on ATMs, growth in transactions indicate rising revenue of service providers operating in India. Realizing the advantages attached to the outsourcing of ATM management, banks in India are increasingly outsourcing the management of their ATMs to service providers. It is estimated that more than INR 35-38 billion was generated by service providers under the ATM managed services model, while nearly INR 28-32 billion under the brown label model in FY'2014.

Post formation of the new government, there was the introduction of financial inclusion led project under PMJDY. The reason of this initiative was mainly to address certain voids that was experienced in terms of ATM penetration to be very low in India, along with bank penetration, to reach out to an unbanked population of 50%. This is in sharp contrast with other emerging economies, wherein there is a great demand from the unbanked population, and therefore the Reserve Bank of India, is asking banks to pen at least one-quarter of their new branch banks every year in unbanked areas with a population less than 10,000. As the ATM is a key platform to reach this segment of mass across the country, several banks are already using human ATMs to reach its unbanked rural population. Unbanked people in India will start seeing more and more options to perform transactions, thereby bringing these people closer to financial institutions and technology. A CII-Deloitte report in October 2014, stated that the banking sector needs to set up more than 20,000 ATMs before August 14, 2015, to meet the requirements of the Pradhan Mantri Jan-Dhan Yojana Financial inclusion drive. By 2017, ATM population in India is expected to be 400,000, and this will be largely driven by banks going to rural areas and government initiatives such as direct benefit transfer. In the past five years, this segment witnessed a growth of over 30 percent and it is expected to grow at a compounded average growth rate (CAGR) of 25% YOY.

The present scenario depicts a huge opportunity for ATM deployment in India. Moreover, for vendors and OEM partners, there is also tremendous opportunity in managing these machines. The supply of ATMs both as products or a managed service is growing at an alarming rate in India. Going ahead, banks will also invest in advanced software for value-added services in order to improve customer interaction and attract new customers. On the whole, with an emphasis on financial inclusion, rural banking and a liberalised RBI policy where banks are encouraged to open new branches, as well as attract new customers and also with the concept of multi-functional machines the Indian ATM industry is set to get smarter.

Competing in the market today demands innovative emotional engagements. Creating complete 360 degree experiences is the only way to be relevant in an uncertain, unpredictable, highly turbulent marketplace. The pace of change we are experiencing currently is like nothing we have seen before. Rapid technology change has brought massive disruption as



well as unprecedented opportunity. The future depends on our ability to sense and respond quickly to this ever changing environment. This has led us to anticipations of a huge opportunity for growth of ATM market in India. The future will see multi-vendor ATM popularity, which will provide personalized features and a user friendly interface. ATM will be a popular “Public Technology”. Original equipment manufacturers and vendors will get ample scope for handling ATM machines. Modern ATMs are now capable of personalized branding, CRM applications, integrated fraud alert, customer notifications and flexible services. The ATM technology has developed to such an extent that some ATMs can memorize consumer preferences as per their past transactions, behaviour and tailor services accordingly. In many cases, ATMs have internet scope which facilitates two way communications with live agents, provide biometric options and have the ability to demonstrate personalized advertisements. Maintenance of web enabled ATMs are easy and also can be quickly connected to central monitoring system of vendors.

In an era when innovation is all the rage, product innovation alone isn't enough, one must reinvent the company. Business model innovation is essential to retaining competitive positioning and that is harder than product innovation. Keeping pace with the organization's rapid growth is comparable to running a marathon, as EPS is emerging as the fastest growing professionally managed ATM and Payments System Company in India. Basis the “Disruptive Thinking”, a new approach adapted for business growth, it is believed that agility and emotional intelligence are as vital to business as they are to human survival. The one thing we need to understand to win in business today is, being ‘nimble’. It is believed that running a business is not a sprint; it's a marathon. Stamina is as important as speed, probably more. The next big idea in business is ‘belief’ which is critical in success.

With reference to what the Honourable Prime Minister said recently while meeting industrialists and bankers, is that business has to believe in the tremendous possibilities and opportunities the nation has, and be willing to take the investment risks that will generate returns. No country or company succeeds without believing in itself.





# GOVERNANCE REPORT : FY 2014 – 2015

## Introduction

Corporate Governance, as per benchmark practice, is an ethically driven business process that is committed to the values aimed at enhancing an organisation's wealth generating capacity. Thus, it forms one of the significant pillars of any efficient and growing organisation.

At EPS, we consider "Being a differentiator in providing services" as a part of our vision. Thus for us, Good Governance is an important pillar along with our principal business operations.

The Company's philosophy on corporate governance is founded upon a rich legacy of fair, ethical and transparent governance practices. It oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large.

The framework we follow for compliance is compatible with the Domestic Standards and best industry practices. For the same, we ensure to make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

As a part of the above practice, EPS has formed a Compliance team, led by the President – Governance. The Compliance team works in coordination with the Auditors, Company Secretary as well as other technical & legal experts to ensure the comprehensive fulfilment of such framework.

At present EPS is covered by the following legal statutes and regulatory frameworks on the basis of the operations and demographics wherein we operate:

### (I) Union Legislature:

1. Reserve Bank of India Act, 1934
2. The Companies Act, 2013, along with the applicable provisions of erstwhile Companies Act, 1956
3. Income tax Act, 1961

4. Finance Act, 1994 (Applicable Chapters)
5. Foreign Exchange and Management Act, 1999
6. Central Sales Act, 1956
7. Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
8. Food and Safety Standards Act, 2006

### (II) State Legislature

1. Maharashtra Value Added tax Act, 2002
2. Local Body Tax as per relevant Municipal Corporations
3. Bombay Shops & Establishments Act, 1948

### (III) Labour Laws

1. Employees Provident Funds Scheme, 1952
2. Contract Labour (Regulation and Abolition) Act, 1970
3. Payment of Gratuity Act, 1972
4. Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
5. Profession Tax Act, 1975

In order to ensure compliance with all the above mentioned legislatures, we have formed a comprehensive manual for the same. Also, all the teams within the organisations, handling specialised functionalities, support for the compliance of the relevant regulations by providing timely information and extending connectivity.

For the Financial Year 2014 – 2015, we have complied with all the relevant provisions of the legislations covered above & as applicable from time to time. All the teams within the organisations, handling specialised functionalities, support for the compliance of the relevant regulations by providing timely information and extending connectivity. Further, we have formed various committees and sub committees, and policies as a part of Corporate Governance such as Operational Committee, Management Committee, etc.

At EPS, we aim to accomplish the stature of an organisation that people can put their trust into. We, thus, continue to strive towards achieving the endeavour of thorough and state-of-the-art Corporate Governance.

# DIRECTORS' REPORT

To,  
The Members of,  
**Electronic Payment and Services Pvt Limited**

Your Directors have pleasure in presenting their 4th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2015 and on the state of affairs of the Company.

## FINANCIAL PERFORMANCE:

The Company's Financial Performance for the financial year ended on 31st March, 2015 under review along with previous year figures are given hereunder:

Particulars	2014-15 (In INR)	2013-14(In INR)
Total Income	1,294,028,158	666,822,013
Total Expenses	1,455,123,439	775,374,905
Profit before tax	(161,095,281)	(108,552,892)
Profit /(Loss) after tax	(161,095,281)	(108,552,892)
Balance carried to Balance sheet	(161,095,281)	(108,552,892)

## REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

The Company has reported total income of INR 1,294,028,158 for the current year as compared to INR 666,822,013 in the previous year. The Net Loss for the year under review amounted to INR (161,095,281) in the current year as compared to INR (108,552,892) the previous year.

## DIVIDEND:

In view of the accumulated losses, the Board does not recommend dividend for the financial year ended 31st March, 2015.

## CORPORATE SOCIAL RESPONSIBILITY:

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the provisions of Section 135 of the Companies Act, 2013 are not applicable.

## STATUTORY AUDITORS:

Deloitte Haskins & Sells LLP, Chartered Accountants, firm registration number 117366W/W1000-18 situated at India Bulls Finance Centre, Tower 3, 27th-32nd Floor, Senapati Bapat Marg, Elphinstone Road West, Mumbai 13 were appointed as the Statutory Auditors of the company last year in AGM held on 12th August 2014 for five consecutive years, subject to ratification at every Annual General Meeting. Accordingly, their appointment is proposed to be ratified in the ensuing AGM. They have given their eligibility & consent for the proposed ratification.



**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There was no qualification, reservation or adverse remark made by the Auditors in their report.

The provisions of Section 204 of the Companies Act, 2013 relating to submission of Secretarial Audit Report is not applicable to the Company.

**DIRECTORS:**

There has been no change in the composition of the Board during the year under review.

**DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company.

**BOARD MEETING:**

During the financial year 2014-15, the Board met nine times (9) times on.

**COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

**INFORMATION PURSUANT TO RULE 5 (2) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

The Company has appointed employees in receipt of remuneration exceeding the limits specified under Rule 5 (2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and following are the disclosures with respect to them:

Name	Designation	Joining Date	CTC per month (INR)	Nature of employment	Qualification and experience	Date of Birth	Last Employment	% of equity shares
A. Chandrasekaran	President	06 Aug 2012	545,834	Permanent	Bsc, 26	30 May 1961	Financial Software and Systems Pvt. Ltd	Nil
Manohar Bhoi	President	13 Sep 2012	546,035	Permanent	licentiate of electrical engineering +PGDIT, 34	01 July 1971	Financial Software and Systems Pvt. Ltd	Nil
Prakash M Joshi	Chief Operating Officer	17 Sep 2012	525,000	Permanent	Msc, 38	16 July 1961	NCR Corporation India Pvt. Ltd	Nil



**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors state that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- b. They have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of its **Profit/Loss** for the year ended on that date;
- c. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. They have prepared the annual accounts for the year ended 31st March, 2015 on a 'going concern' basis; and
- e. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There was no loan given or guarantee given or investment made or security provided pursuant to Section 186 of the Companies Act, 2013 during the year under review and hence the said provisions are not applicable.

**DISCLOSURES OF AMOUNTS, IF ANY, TRANSFER TO ANY RESERVES.**

It is not proposed to carry any amount to any reserves from the profits of the Company. Hence, disclosure under Section 134 (3) (j) of the companies act, 2013 is not required.

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relate on the date of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure "A"**

**DETAILS OF SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There are no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations. Hence, disclosure pursuant to Rule 8 (5) (vii) of Companies (Accounts) Rules, 2014 is not required.

**DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS PURSUANT TO RULE 8 (5) (viii) OF COMPANIES (ACCOUNTS) RULES, 2014:**

The Company has an adequate Internal financial control system, commensurate with the size of its business operations.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES MADE PURSUANT TO SECTION 188 OF THE COMPANIES ACT, 2013**

Details of each of the related party transaction entered into by the Company during the Year together with justification are annexed herewith in Form AOC-2 as **"Annexure B"**.

**ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **"Annexure C"**.

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The Company has established a vigil mechanism pursuant to Section 177(9) and oversees it through Mr Mani Mamallan, Managing Director since audit committee is not applicable to the Company. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns.

**EMPLOYEES STOCK OPTIONS**

The shareholders of the Company in the Annual General Meeting held on 12th August, 2014 approved the Employees Stock Option Scheme (ESOP) and following are the disclosures required as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014.

- (a) Options granted; 16800
- (b) Options vested; Nil
- (c) Options exercised; Nil
- (d) The total number of shares rising as a result of exercise of option; Nil
- (e) Options lapsed; Nil
- (f) The exercise price; Nil
- (g) Variation of terms of options; Nil
- (h) Money realized by exercise of options; Nil
- (i) Total number of options in force; Nil
- (j) Employee wise details of options granted to;-
  - (i) Key managerial personnel; Nil
  - (ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.
  - (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital: Nil

Name	No. of options
Mr. A. Chandrasekaran	4500
Mr. Manohar Bhoi	4500
Mr. Prakash M. Joshi	4500
Mr. Thyagarajan Seshadri	1500
Mr. Murali B. Sarma	1500

#### SUBSIDIARY COMPANY

As on March 31, 2015, the Company does not have any subsidiary.

#### DEPOSITS

The Company has not invited/ accepted any deposits from the public during the year ended March 31, 2015. There were no unclaimed or unpaid deposits as on March 31, 2015.

#### ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation to the wholehearted help and co-operation the Company has received from the business associates, partners, vendors, clients, government authorities, and bankers of the Company.

The relations between the management and the staff were cordial during the period under review.

The Company also wishes to put on record the appreciation of the work done by the staff. Your Directors appreciate and value the trust imposed upon them by the members of the Company.

**By order of the Board**

**For Electronic Payment and Services Private Limited**

**Mr. Mani Mamallan**  
**Chairman & Managing Director**  
**(DIN: 03584512)**

**Mr. Sanjay Kapoor**  
**Director**  
**(DIN: 03584520)**

**Place: Mumbai**

**Annexure "A" to Directors' Report for the year ended 31st March, 2015**

**Particulars required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014**

**(A) CONSERVATION OF ENERGY-**

- i. The steps taken or impact on conservation of energy: NIL
- ii. The steps taken by the company for utilizing alternate sources of energy: NIL
- iii. The capital investment on energy conservation equipment's: NIL

**(B) TECHNOLOGY ABSORPTION-**

- i. The efforts made towards technology absorption: NIL
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : NIL
- iv. The expenditure incurred on Research and Development: NIL

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Details of earnings in foreign exchange:

Particulars	Current Year 01.04.14 – 31.03.15	Previous Year 01.04.13 – 31.03.14
Export of Goods calculated on FOB Basis	Nil	Nil
Interest and dividend	Nil	Nil
Royalty	Nil	Nil
Know-how	Nil	Nil
Professional and Consultancy fees	Nil	Nil
Other Income	Nil	Nil
<b>Total earning in foreign exchange</b>	Nil	Nil

**Details of expenditure in foreign exchange:**

Particulars	Current Year 01.04.14 – 31.03.15	Previous Year 01.04.13 – 31.03.14
Import of Capital Goods calculated on CIF Basis:		
(i) raw material	Nil	Nil
(ii) component and spare parts	Nil	Nil
(iii) capital goods – Software Purchase	Nil	Nil
Expenditure on account of:	Nil	Nil
Royalty	Nil	Nil
Know-how	Nil	Nil
Professional and Consultancy fees	Nil	Nil
Interest	Nil	Nil
Other matters/Foreign travel	27,99,390	Nil
Dividend paid	Nil	Nil
<b>Total expenditure in foreign exchange</b>		

**“Annexure B”- Form No. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).**

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 the Companies Act, 2013, including arms' length transactions under third proviso thereto:

**Details of material contracts or arrangement or transactions at arm's length basis:**

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Vineet Rai, Director
b)	Nature of contracts / arrangements / transaction	Availment of short loan facility amounting to INR 2 Crore fifty lacs for 24 months for working capital and business expansion within the overall limit of INR Ten crores.
c)	Duration of the contracts / arrangements / transaction	24 months
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rate of interest @17% pa payable monthly, Nil processing fee, review fee of 0.5% of the overall sanctioned limit to be paid at the end of financial year , repayable in 8 quarterly instalments, security being escrow account arrangement
e)	Date of approval by the Board	22nd December, 2014
f)	Amount paid as advances, if any	Nil

**Annexure “C”**

**Extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014.**





# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRONIC PAYMENTS AND SERVICES (P)VT. LTD.

## Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
Tower 3, 27th - 32nd Floor  
Senapati Bapat Marg  
Elphinstone Road (West)  
Mumbai - 400 013  
Maharashtra, India

Tel: +91 (022) 6185 4000  
Fax: +91 (022) 6185 4501/4601

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED** ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the

## Deloitte Haskins & Sells LLP

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, its loss and its 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 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purposes 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 Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2015, taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) 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:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 25 read with Note 2(p) to the financial statements.



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- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Kalpesh J. Mehta  
(Partner)  
(Membership No. 48791)

Mumbai, 24<sup>th</sup> September, 2015

**Deloitte  
Haskins & Sells LLP**

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except for retention of certain original invoices for purchase of fixed assets and in respect of which the Management has subsequent to the year end obtained copies of these invoices from the respective vendors.
  - b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management/outsourced service providers during the year. According to the information and explanations given to us discrepancies noted on such verification have been appropriately dealt with by the Management. Refer note 11(b) for details.
- ii. The Company does not have any inventories considering the nature of business. Hence, the provisions of clause 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services except for controls over retention of original invoices for purchase of fixed assets and in respect of which the Management has subsequent to the year end obtained copies of these invoices from the respective vendors. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, hence the provisions of clause 3(vi) of the Order is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Service Tax, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2015 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Value Added Tax and Cess which have not been deposited as on 31<sup>st</sup> March, 2015 on account of disputes are given below:



**Deloitte  
Haskins & Sells LLP**

Nature of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Finance Act, 1994 and Service Tax Laws	Service tax	Assistant Commissioner of Service tax	FY 13-14	3,88,82,240

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- viii. The Company has been registered for less than five years. Hence, the provisions of clause 3(viii) of the Order are not applicable to the Company.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued any debentures during the year.
- x. According to the information and explanations given to us the Company has not given guarantees for loans taken by others from banks and financial institutions.
- xi. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



Kalpesh J. Mehta  
(Partner)  
(Membership No. 48791)

Mumbai, 24<sup>th</sup> September, 2015



# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Balance Sheet as at 31st March, 2015

Particulars	Notes	As at 31st March, 2015	As at 31st March, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	4,951,640	4,951,640
Reserves and Surplus	4	558,604,643	694,775,536
		<b>563,556,283</b>	<b>699,727,176</b>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	5	1,089,074,423	697,463,781
Other Long-term Liabilities	6	37,034,703	40,862,567
Long-term Provisions	7	4,559,938	1,974,889
		<b>1,130,669,064</b>	<b>740,301,237</b>
<b>Current Liabilities</b>			
Trade Payables	8	367,947,890	451,240,917
Other Current Liabilities	9	328,940,780	191,585,595
Short-term Provisions	10	468,456	500,836
		<b>697,357,126</b>	<b>643,327,348</b>
<b>Total</b>		<b>2,391,582,473</b>	<b>2,083,355,761</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
	11		
Tangible Assets		1,566,674,739	1,359,100,977
Intangible Assets		5,998,965	5,823,217
Capital Work-in-progress		28,482,403	39,703,439
		<b>1,601,156,107</b>	<b>1,404,627,633</b>
Non-Current Investments	12	26,000	26,000
Long term Loans and Advances	13	85,863,977	101,571,598
Other Non-Current Assets	14	106,936,808	77,450,000
		<b>1,793,982,892</b>	<b>1,583,675,231</b>
<b>Current Assets</b>			
Trade Receivables	15	162,449,642	97,142,906
Cash and Cash Equivalents	16	256,340,489	246,285,971
Short-term Loans and Advances	17	22,639,029	21,875,867
Other Current Assets	18	156,170,421	134,375,786
		<b>597,599,581</b>	<b>499,680,530</b>
<b>Total</b>		<b>2,391,582,473</b>	<b>2,083,355,761</b>

Notes 1 to 38 forms part of the Financial Statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

**Kalpesh J. Mehta**  
 Partner  
 (Membership No. 48791)

Date: 24 Sept 2015  
 Place: Mumbai

**For and on behalf of the Board of Directors**

**Sanjay Kapoor**  
 Director

DIN: 03584520  
 Date : 24 Sept 2015  
 Place : Mumbai

**Mani Mamallan**  
 Chairman & Managing Director

DIN: 03584512  
 Date : 24 Sept 2015  
 Place : Mumbai

**Farroukh Kolah**  
 Chief Financial Officer  
 Date : 24 Sept 2015  
 Place : Mumbai

**ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended 31st March, 2015** Amount in INR

Particulars	Notes	For the year ended 31st March, 2015	For the year ended 31st March, 2014
<b>Revenue from Continuing Operations:</b>			
Revenue from operations (Net of Service tax)	19	1,268,268,508	651,342,853
Other Income	20	25,759,650	15,479,160
<b>Total Revenue</b>		<b>1,294,028,158</b>	<b>666,822,013</b>
<b>Expenses:</b>			
Employee benefit expenses	21	148,657,773	90,708,725
Finance costs	22	178,109,247	108,433,881
Depreciation and amortisation expense	11	279,506,225	154,861,356
Operating Expenses	23	731,146,499	334,842,206
Other General expenses	24	117,703,695	86,528,737
<b>Total Expenses</b>		<b>1,455,123,439</b>	<b>775,374,905</b>
Loss before tax		<b>(161,095,281)</b>	<b>(108,552,892)</b>
Tax expense:			
Current Tax		-	-
Deferred Tax		-	-
<b>Loss for the year</b>		<b>(161,095,281)</b>	<b>(108,552,892)</b>
Earnings per Equity Share (Face Value Rs.10/-)			
Basic and Diluted (Rs.)	30	(464)	(438)

Notes 1 to 38 forms part of the Financial Statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

Date: 24 Sept 2015  
Place: Mumbai

**For and on behalf of the Board of Directors**

**Sanjay Kapoor**  
Director

DIN: 03584520  
Date :24 Sept 2015  
Place : Mumbai

**Farroukh Kolah**  
Chief Financial Officer  
Date : 24 Sept 2015  
Place : Mumbai

**Mani Mamallan**  
Chairman & Managing Director

DIN: 03584512  
Date : 24 Sept 2015  
Place : Mumbai

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED Cash Flow statement for the year ended 31st March 2015

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>A. Cash Flow from Operating Activities</b>		
<b>Net (Loss) Before Tax as per Statement of Profit &amp; Loss</b>	(161,095,281)	(108,552,892)
<b>Adjustments for :</b>		
Depreciation & Amortisation Expenses	279,506,225	154,861,356
Expense on employee stock options (ESOP) scheme	24,924,388	-
Finance Costs	178,109,247	108,433,881
Interest Income	(13,807,282)	(15,478,775)
(Profit)/ Loss on Sale of Equipment	-	17,574,938
Bad Debts and allowances for doubtful advances	8,133,589	-
Assets written off (Refer Note 11(b))	32,305,862	-
Deferred profit on sale of Fixed Assets	(11,759,461)	-
<b>Operating profit before working capital changes</b>	<b>336,317,287</b>	<b>156,838,508</b>
<b>Changes in Working Capital</b>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Trade receivables	(69,064,763)	(77,658,159)
Short-term loans and advances	(763,162)	6,249,538
Long-term loans and advances	18,182,268	(31,039,606)
Other current assets	(26,170,196)	(105,465,897)
<u>Adjustments for increase/(decrease) in operating liabilities:</u>		
Trade payables	(83,293,027)	289,867,851
Other current liabilities	3,255,139	4,567,042
Short-term provisions	(32,380)	(323,014)
Long-term provisions	2,585,049	1,371,082
<b>Cash Generated from Operations</b>	<b>181,016,215</b>	<b>244,407,345</b>
Less: Taxes Paid	2,474,647	3,193,454
<b>Net Cash flow from operating Activities (A)</b>	<b>178,541,568</b>	<b>241,213,891</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Asset	(507,929,225)	(1,122,118,042)
Interest Income	13,807,282	8,476,701
Sale of Fixed Asset	-	75,000
Bank Balances not considered as Cash and Cash Equivalents	(29,486,808)	(57,450,000)
Balances with banks in Deposit accounts - over three months	(50,619,480)	(48,451,321)
<b>Net Cash Flow (used in) Investing Activities (B)</b>	<b>(574,228,231)</b>	<b>(1,219,467,662)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of equity shares (Net)	-	272,475,548
Proceeds from issue of preference shares (Net)	-	384,434,559
Proceeds from long-term borrowings	697,497,838	628,199,662
Repayment of long-term borrowings	(164,266,889)	(87,641,410)
Finance Costs	(178,109,247)	(108,433,881)
<b>Cash Flow from Financing Activities (C)</b>	<b>355,121,702</b>	<b>1,089,034,478</b>



Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Net Increase/(Decrease) in Cash & Cash Equivalent (A+B+C) Add:	(40,564,961)	110,780,707
Cash & Cash Equivalent at the beginning of the year	155,661,650	44,880,943
<b>Cash &amp; Cash Equivalent at the end of the year</b>	<b>115,096,689</b>	<b>155,661,650</b>

**Notes to Cash Flow Statement:**

- 1) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS-3) "Cash Flow Statement" specified under section 133 of The Companies Act 2013, read with Rule 7 of The Companies (Accounts) Rules, 2014.
- 2) Cash and Cash equivalents includes cash and bank balances in current accounts and term deposit accounts.
- 3) Cash Flow does not include cash and cash equivalent held by the Company for earmarked purpose. The reconciliation with balance sheet is as below.

Particulars	As at 31st March, 2015	As at 31st March, 2014
Cash, Bank balances and Deposits maturing within 3 months	115,096,689	155,661,650
<b>a) Cash and Cash equivalents (as defined in AS-3)</b>	<b>115,096,689</b>	<b>155,661,650</b>
b) Deposits with original maturity of more than 3 months	83,280,800	39,617,410
c) Earmarked deposits - Balances held as margin money, guarantees	57,963,000	51,006,911
<b>Total cash &amp; cash equivalents (a+b+c)</b>	<b>256,340,489</b>	<b>246,285,971</b>

Notes 1 to 38 forms part of the Financial Statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Kalpesh J. Mehta**  
Partner  
(Membership No. 48791)

Date: 24 Sept 2015  
Place: Mumbai

**For and on behalf of the Board of Directors**

**Sanjay Kapoor**  
Director

DIN: 03584520  
Date : 24 Sept 2015  
Place : Mumbai

**Mani Mamallan**  
Chairman & Managing Director

DIN: 03584512  
Date : 24 Sept 2015  
Place : Mumbai

**Farroukh Kolah**  
Chief Financial Officer  
Date : 24 Sept 2015  
Place : Mumbai

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### Note 1: Corporate Information

Electronic Payment and Services Pvt. Ltd.(EPS) is a payment system company founded to provide payments services to Banks and its customers. Further, EPS provide an integrated solution which includes the supply and installation of Automated Teller Machines (ATMs) in all developed areas as well as supporting such business initiatives in more remote areas. EPS is incorporated on 29th September, 2011 and commenced its business from June, 2012.

#### Note 2: Significant Accounting Policies

##### A) Basis for preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.

The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### B) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

##### C) Cash and Cash Equivalents (For purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

##### D) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

##### E) Depreciation / Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost. The estimated residual value for assets is taken as Nil.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on management internal evaluation, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Description of Assets	Useful Life
<b>Site Assets:</b>	
Automated Teller Machine:	
Owned	7 Years
Taken on finance lease	5 Years
Uninterrupted Power Supply Machine:	
Owned	7 Years
Taken on finance lease	5 Years
Site Interior & Other Merchandises:	
Owned	7 Years
Taken on finance lease	5 Years
Air Conditioner:	
Owned	7 Years
Taken on finance lease	5 Years
VSAT:	
Owned	7 Years
Taken on finance lease	5 Years
Office furniture and fixtures	5 years
Office equipment:	
Mobile phones	3 Years
Others	5 Years

Depreciation on tangible fixed assets provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 are:

Description of Assets	Useful Life
Computers	3 years

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Description of Assets	Useful Life
Computer Software	3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

#### F) Revenue Recognition

Revenues from contracts priced on a time and material basis, are recognised when services are rendered and related costs are incurred; and there is reasonable certainty of ultimate realisation for the same.

## FINANCIAL STATEMENT FY 2014-2015

### **G) Other Income**

(I) Profit / Loss on sale of fixed assets is recognised on transfer of significant risks and rewards of ownership of the asset to the buyer.

(ii) Interest on fixed deposits recognised on time proportion basis, having regard to the amount outstanding and the rate applicable

### **H) Fixed Assets**

Fixed assets including intangible assets are stated at cost of acquisition less accumulated depreciation, amortisation and impairment, if any. The cost of Fixed Assets includes all incidental expenses related to acquisition and installation and other pre-operation expenses until the asset is ready to put to use for its intended purposes.

Capital work in progress includes tangible assets which are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### **I) Foreign Currency Transactions**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate to the rate at the date of the transaction. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year- end rates.

### **J) Investments**

Long Term investments are accounted for and valued as per Accounting Standard (AS) 13 - 'Accounting for Investments' and are stated at cost except where there is a diminution other than temporary, for which provision is made.

### **K) Employee Benefits**

Employee Benefits include provident fund, gratuity & compensated absences

#### **Defined-contribution plans**

The Company's contribution to provident fund is considered as defined contribution plan and is charged as an expense as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

#### **Defined-benefits plans**

The Gratuity plan provides for lump sum payment to vested employees on retirement, death or termination of employment of an amount based on the respective employee's last drawn salary and tenure of employment. The Company accounts for the net present value of its obligations for gratuity benefits, based on an independent actuarial valuation, determined on the basis of the projected unit credit method, carried out as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

#### **Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include

performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term non-accumulating compensated absences is accounted, when the absences occur.

#### **L) Leases**

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

#### **M) Earnings per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **N) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items



## FINANCIAL STATEMENT FY 2014-2015

other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

### **O) Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

### **P) Provisions, Contingent Liabilities and Contingent Assets**

In accordance with AS-29, Provisions, Contingent Liabilities and Contingent Assets, the Company recognises provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Company; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

### **Q) Onerous contracts**

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost

of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

**R) Share Issue Expenses**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

**S) Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**T) Employee share based payment**

The Company has constituted an Employee Stock Option Plan - "Electronic Payment and Services - Employee Stock Option Plan 2014" ("EPS-ESOP 2014").

Employee Stock Options granted are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India.

**U) Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**V) Borrowing cost**

Borrowing costs include interest and amortisation of ancillary costs incurred.

Costs in connection with the borrowing of funds are charged to the Statement of Profit and Loss over the tenure of the loan.

**W) Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, 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.

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

#### Note 3 : Share Capital

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares	Rs.	Number of shares	Rs.
<b>(a) Authorised</b>				
Equity Shares of Rs. 10/- each	1,300,000	13,000,000	450,000	4,500,000
Compulsory Convertible Preference Shares of Rs.10/- each	700,000	7,000,000	200,000	2,000,000
	<b>2,000,000</b>	<b>20,000,000</b>	<b>650,000</b>	<b>6,500,000</b>
<b>(b) Issued, Subscribed and fully paid-up</b>				
Equity Shares of Rs. 10/- each	347,427	3,474,270	347,427	3,474,270
Compulsory Convertible Preference Shares ('CCPS') of Rs.10/- each	147,737	1,477,370	147,737	1,477,370
	<b>495,164</b>	<b>4,951,640</b>	<b>495,164</b>	<b>4,951,640</b>
<b>Total</b>	<b>495,164</b>	<b>4,951,640</b>	<b>495,164</b>	<b>4,951,640</b>

#### Note 3 (a) : Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31st March, 2015		As at 31st March, 2014	
	Number of shares	Rs.	Number of shares	Rs.
<b>i. Equity shares</b>				
Outstanding at the beginning of the year	347,427	3,474,270	139,145	1,391,450
Add: Issued during the year	-	-	103,019	1,030,190
Add: CCPS converted to equity during the year	-	-	105,263	1,052,630
Closing Balance	<b>347,427</b>	<b>3,474,270</b>	<b>347,427</b>	<b>3,474,270</b>
<b>ii. Compulsorily convertible preference shares</b>				
<b>Series A CCPS:</b>				
Outstanding at the beginning of the year	-	-	105,263	1,052,630
Less: Converted to equity during the year	-	-	(105,263)	(1,052,630)
Closing Balance	-	-	-	-
<b>Series B CCPS:</b>				
Outstanding at the beginning of the year	147,737	1,477,370	-	-
Add: Issued during the year	-	-	147,737	1,477,370
Closing Balance	<b>147,737</b>	<b>1,477,370</b>	<b>147,737</b>	<b>1,477,370</b>

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

## Notes forming part of Financial Statements

## Note 3 (b) : Details of shareholders holding more than 5% shares in the company

Particulars	As at 31st March, 2015		As at 31st March, 2015	
	Number of shares	% Share holding	Number of shares	% Share holding
I.) Equity shares				
Sanjay Kapoor	26,250	7.56%	26,250	7.56%
Vidya Rani Mani Mamallan	90,000	25.90%	90,000	25.90%
Aavishkar India II Company Limited	70,953	20.42%	70,953	20.42%
Aavishkar Goodwell India Microfinance Development Company II Limited	71,340	20.53%	71,340	20.53%
Asia Participations B.V.	65,425	18.83%	65,425	18.83%
ii.) Series B CCPS				
Aavishkar India II Company Limited	63,590	43.04%	63,590	43.04%
Aavishkar Goodwell India Microfinance Development Company II Limited	25,161	17.03%	25,161	17.03%
Asia Participations B.V.	58,635	39.69%	58,635	39.69%

## Note 3(C): Terms / right attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share.

Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Note 3(d) :Terms of Conversion / redemption of CCPS Series A CCPS:

During the year ended 31 March 2013, the Company issued 105,263 Series A CCPS at Rs. 10 each fully paid-up at a premium aggregating Rs.198,947,370/-. Each holder of Series A CCPS can opt to convert its preference shares into equity shares in ratio of 1:1 on occurrence of the earlier of any of the following event:

- Upon completion of second round of equity investment
- Upon filing of red hearing prospectus with SEBI in connection of listing in recognized stock exchange
- Upon expiry of 60 (sixty) months from the date of issue

Option a, as mentioned above, has been exercised & all the Series A CCPS have been converted into equity shares on 23 August 2013

## Series B CCPS:

During the year ended 31 March 2014, the Company issued 147,737 Series B CCPS at Rs. 10 each fully paid-up at a premium aggregating

Rs. 391,503,069/-. The Series B CCPS shall be compulsorily converted into an equal number of Equity Shares on a 1:1 ratio

Conversion of the Series B CCPS into Equity Share shall happen upon the occurrence of the earlier of any of the following events:

- At the time of the Company filing a draft red herring prospectus with SEBI in connection with the listing of the Equity Shares on a Recognized Stock Exchange
- Upon the expiry of 8 (Eight) years from the Completion Date as per Clause 8 of the Share Subscription Agreement.

## Note 3(e): Issue of Share Capital Post Balance Sheet date

Subsequent to the year end, authorised, subscribed and paid-up share capital of the Company was increased by Rs 50,000,000/- by way of issuance of 5,000,000 Series C Compulsory Convertible Preference Shares (Series C CCPS) of Rs 10/- at a premium of Rs 50 per share.

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

#### Note 4 : Reserves and Surplus

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Securities premium account</b>		
Opening balance	854,682,406	200,279,870
Add: Premium on shares issued during the year	-	664,502,828
Less: Utilised during the year (Refer note below)	-	(10,100,292)
Closing balance	<b>854,682,406</b>	<b>854,682,406</b>
<b>(b) Surplus / (Deficit) in Profit and Loss Account</b>		
Opening balance	(159,906,870)	(51,353,978)
Add: Profit / (Loss) for the year	(161,095,281)	(108,552,892)
Closing balance	<b>(321,002,151)</b>	<b>(159,906,870)</b>
<b>(C) Employee Stock Options Scheme Outstanding</b>		
Opening balance	-	-
Add: Amount recorded on grants during the year	24,924,388	-
Closing balance	<b>24,924,388</b>	-
<b>Total</b>	<b>558,604,643</b>	<b>694,775,536</b>

Note:

Share issue expenses are adjusted against the securities premium amount during the year ended 31st March, 2014.

#### Note 5 : Long Term Borrowings

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Term loans</b>		
From Banks Secured	490,260,611	195,449,199
From other parties Secured	69,870,715	-
	560,131,326	195,449,199
<b>(b) Finance lease obligations (Refer Notes 29(I) and 36)</b>		
	528,943,097	502,014,582
	528,943,097	502,014,582
<b>Total</b>	<b>1,089,074,423</b>	<b>697,463,781</b>



## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

## Notes forming part of Financial Statements

(I) Details of terms of repayment for the long-term borrowings and security provided in respect of the long-term borrowings:

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>(a) Term loans from Banks</b>		
Secured	490,260,611	195,449,199
[Repayable over 57 - 72 months		
Secured against:		
1) Trade receivables and Specific Assets		
2) Lien marked fixed deposit		
3) Personal Guarantee of Promoters and Directors]		
<b>(b) Term loans from Others</b>		
Secured	69,870,715	-
[Repayable over 24 - 60 months, including certain loans with		
revolver facilities		
Secured against:		
1) Trade receivables and Specific Assets		
2) Personal Guarantee of Promoters and Directors]		
<b>(c) Finance lease obligations:</b>		
[Repayable in 48 - 60 monthly installments]	528,943,097	502,014,582
	<b>1,089,074,423</b>	<b>697,463,781</b>
Add: Current Maturities of Long Term Debts & finance lease		
obligations (Refer note (a) below)	283,556,543	151,803,206
<b>Total Long Term Borrowings</b>	<b>1,372,630,966</b>	<b>849,266,987</b>

Notes:

(a) For the current maturities of long term borrowings and finance lease obligations, refer Note 9 "Other Current Liabilities"

**Note 6 : Other Long Term Liabilities**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Deferred Profit on Sale and lease back transactions	37,034,703	40,862,567
<b>Total</b>	<b>37,034,703</b>	<b>40,862,567</b>

**Note 7 : Long Term Provisions**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits		
Provision for gratuity (Refer Note 26 (B))	4,559,938	1,974,889
<b>Total</b>	<b>4,559,938</b>	<b>1,974,889</b>

## FINANCIAL STATEMENT FY 2014-2015

### Note 8 : Trade Payables

Particulars	As at 31st March, 2015	As at 31st March, 2014
Amount payable to Micro & Small Enterprises (Refer Note 33)	10,730,882	72,672,113
Amount payable to others	241,116,950	138,804,541
Payable on purchase of Fixed Assets	116,100,058	239,764,263
<b>Total</b>	<b>367,947,890</b>	<b>451,240,917</b>

### Note 9: Other Current Liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
Current maturities of long term debt (Refer Note 5(l))		
Secured:		
(a) Term loans from Bank	89,424,841	36,949,122
(b) Term loans from Others	54,487,189	18,464,705
Current maturities of finance lease obligations (Refer Note 29(l))	139,644,513	96,389,379
Deferred Profit on Sale and lease back transactions	283,556,543	151,803,206
Deferred Profit on Sale and lease back transactions	14,058,558	11,711,849
Other Payables:		
Statutory remittances	28,072,704	28,049,357
Advance from Customers	-	21,183
Others	3,252,975	-
<b>Total</b>	<b>328,940,780</b>	<b>191,585,595</b>

### Note 10 : Short Term Provisions

Particulars	As at 31st March, 2015	As at 31st March, 2014
Provision for employee benefits		
Provision for gratuity (Refer Note 26 (B))	15,143	7,665
Provision for compensated absences	453,313	493,171
<b>Total</b>	<b>468,456</b>	<b>500,836</b>

### Note 11 : Non - Current Investment

Particulars	As at 31st March, 2015	As at 31st March, 2014
Investments (At Cost) Trade		
Investment in equity instruments of associate:		
2,600 (As at 31st March, 2014: 2,600) shares of Rs. 10 each fully paid- up in CISB ATM Services Private Limited	26,000	26,000
<b>Total</b>	<b>26,000</b>	<b>26,000</b>

**Note 12 : Long term loans and advances**

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured &amp; considered good:</b>		
Security Deposits	58,859,453	31,468,000
Balances with government authorities:		
Cenvat Credit Receivable	20,094,808	65,668,529
Tax deducted at source credit receivable	6,884,716	4,410,069
Maharashtra Value Added Tax Deposit	25,000	25,000
<b>Total</b>	<b>85,863,977</b>	<b>101,571,598</b>

**Note 13: Other Non-Current Assets**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Others		
Balances with Banks (In Earmarked Accounts)		
-Balances held as security against borrowings, guarantees	106,936,808	77,450,000
<b>Total</b>	<b>106,936,808</b>	<b>77,450,000</b>

**Note 14 :Trade Receivables**

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Outstanding for a period exceeding six months from the date they were due for payment</b>		
Unsecured, considered good	332,179	16,516
<b>Others</b>		
Unsecured, considered good	162,117,463	97,126,390
<b>Total</b>	<b>162,449,642</b>	<b>97,142,906</b>

**Note: Trade receivables include amounts due from:**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Private companies in which any director is a director:		
CISB ATM Services Private Limited.	149,392,836	97,142,906

## FINANCIAL STATEMENT FY 2014-2015

### Note 15 : Cash and Cash Equivalents

Particulars	As at 31st March, 2015	As at 31st March, 2014
Cash on hand	43,917	23,614
Balance with banks		
In Current Accounts	110,081,966	55,638,036
In Term Deposit	88,251,606	139,617,410
Balances held as margin money, guarantees (Refer Note 34)	57,963,000	51,006,911
<b>Total</b>	<b>256,340,489</b>	<b>246,285,971</b>

### Note 16 : Short Term Loans and Advances

Particulars	As at 31st March, 2015	As at 31st March, 2014
<b>Unsecured and considered good:</b>		
Loans and advances to related parties	263,713	407,732
Loans and advances to employees	452,974	17,028
Prepaid expenses	14,988,705	8,699,551
Advance to suppliers (Net)	6,933,637	12,751,556
<b>Total</b>	<b>22,639,029</b>	<b>21,875,867</b>

### Note 17: Other Current Assets

Particulars	As at 31st March, 2015	As at 31st March, 2014
Unbilled Revenue	123,051,044	88,497,239
Receivables on sale of fixed assets	-	20,952,872
Insurance Claim receivable (Net)	6,294,565	527,125
Interest accrued on fixed deposits	9,802,845	7,842,168
Other Receivables	17,021,967	16,556,382
<b>Total</b>	<b>156,170,421</b>	<b>134,375,786</b>





**FINANCIAL STATEMENT FY 2014-2015**  
**ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED**  
Notes forming part of Financial Statements

Note : 11 Fixed Assets

Sr. No	FIXED ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		BALANCE AS AT 1.04.2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31.03.2015	BALANCE AS AT 1.04.2014	DEPRECIATION/ AMORTISATION EXPENSE FOR THE YEAR	ON DISPOSAL	BALANCE AS AT 31.03.2015	BALANCE AS AT 31.03.2015	BALANCE AS AT 31.03.2014
<b>A</b>	<b>Tangible Assets</b>										
	<b>Automated Teller Machine</b>										
	Owned	535,693,072	240,003,505	147,554,227	628,142,350	30,048,807	88,709,769	22,544,025	96,214,551	531,927,799	505,644,265
	Taken under finance lease	462,017,570	118,933,476	-	580,951,046	66,138,067	88,265,637	-	154,403,704	426,547,342	395,879,503
	<b>Uninterrupted Power Supply Machine</b>										
	Owned	59,661,789	31,466,017	11,582,343	79,545,463	4,584,704	10,577,604	2,329,156	12,833,152	66,712,311	55,077,085
	Taken under finance lease	27,527,527	17,302,294	-	44,829,821	4,107,212	7,680,998	-	11,788,210	33,041,611	23,420,315
	<b>Site Interior &amp; Other Merchandises</b>										
	Owned	223,700,634	142,353,348	36,183,842	329,870,140	16,009,033	42,508,372	5,727,787	52,789,618	277,080,522	207,691,601
	Taken under finance lease	138,756,463	33,867,886	-	172,624,349	22,960,697	24,717,760	-	47,678,457	124,945,892	115,795,766
	<b>Air Conditioner</b>										
	Owned	29,475,254	23,498,503	6,581,186	46,392,571	2,563,042	3,928,055	675,300	5,815,797	40,576,774	26,912,212
	Taken under finance lease	18,876,363	933,010	-	19,809,373	3,035,193	3,656,739	-	6,691,932	13,117,441	15,841,170
	<b>VSAT</b>										
	Owned	7,817,275	25,484,021	3,858,740	29,442,556	167,469	3,024,014	535,568	2,655,915	26,786,641	7,649,806
	Taken under finance lease	-	3,323,172	-	3,323,172	-	31,681	-	31,681	3,291,491	-
	<b>E-surveillance</b>										
	Owned	-	17,572,364	-	17,572,364	-	438,540	-	438,540	17,133,824	-
	Furniture and Fixtures	1,063,024	895,738	-	1,958,762	303,959	329,657	-	633,616	1,325,146	759,065
	Office Equipment	1,549,697	884,397	-	2,434,094	309,392	563,122	-	872,514	1,561,580	1,240,305
	Computers	4,051,848	1,353,330	-	5,405,178	861,964	1,916,849	-	2,778,813	2,626,365	3,189,884
	<b>Total</b>	<b>1,510,190,516</b>	<b>657,871,061</b>	<b>205,760,338</b>	<b>1,962,301,239</b>	<b>151,089,539</b>	<b>276,348,797</b>	<b>31,811,836</b>	<b>395,626,500</b>	<b>1,566,674,739</b>	<b>1,359,100,977</b>
<b>B</b>	<b>Intangible Assets</b>										
	<b>Computer Software</b>										
	Owned	6,921,313	3,333,176	-	10,254,489	1,098,096	3,157,428	-	4,255,524	5,998,965	5,823,217
	Taken under finance lease	6,921,313	3,333,176	-	10,254,489	1,098,096	3,157,428	-	4,255,524	5,998,965	5,823,217
	<b>Grand Total</b>	<b>1,517,111,829</b>	<b>661,204,237</b>	<b>205,760,338</b>	<b>1,972,555,727</b>	<b>152,187,635</b>	<b>279,506,225</b>	<b>31,811,836</b>	<b>399,882,024</b>	<b>1,572,673,704</b>	<b>1,364,924,194</b>
	<b>Previous Year</b>	<b>216,705,710</b>	<b>1,637,493,404</b>	<b>337,087,285</b>	<b>1,517,111,829</b>	<b>6,924,632</b>	<b>154,861,356</b>	<b>9,598,353</b>	<b>152,187,635</b>	<b>1,364,924,194</b>	<b>209,781,077</b>

**Notes**

- (a) Additions and Disposals include assets sold under sale and lease back transaction, which has been classified as a finance lease.  
(b) The Company has during the year, carried out a physical verification exercise for owned/ leased assets along with reconciling the same with the Fixed Assets Register. The resultant differences amounting to Rs 32,305,862/- has been charged off and disclosed under "Assets written off" in the Statement of Profit & Loss (Refer Note 24 "Other General Expenses").

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

#### Note 18: Revenue from Operations

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Income from ATM Services (net of Service tax)	1,268,268,508	651,342,853
<b>Total</b>	<b>1,268,268,508</b>	<b>651,342,853</b>

#### Note 19: Other Income

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest on Fixed Deposit Interest	13,807,282	15,478,775
on Income tax refund Profit on	118,900	385
Sale of Fixed Asset (Net) Other	11,759,461	-
Income	74,007	-
<b>Total</b>	<b>25,759,650</b>	<b>15,479,160</b>

#### Note 20: Employee Benefits Expenses

Particulars	As at 31st March, 2015	As at 31st March, 2014
Salary, wages & bonus	104,738,797	84,598,294
Contribution to Provident Fund (Refer Note 26(A) )	4,546,138	3,344,725
Gratuity expense (Refer Note 26(B) )	2,592,527	1,375,763
Expense on employee stock options (ESOP) scheme	24,924,388	-
Staff welfare expenses	11,855,923	1,389,943
<b>Total</b>	<b>148,657,773</b>	<b>90,708,725</b>

#### Note 21: Finance Costs

Particulars	As at 31st March, 2015	As at 31st March, 2014
Interest on Borrowings	66,574,437	10,370,213
Interest on Finance Lease	100,590,968	68,301,268
Loan Processing Fees	10,943,842	29,762,400
<b>Total</b>	<b>178,109,247</b>	<b>108,433,881</b>

**ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED**  
**Notes forming part of Financial Statements**

**Note 22: Operating Expenses**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Annual Maintenance Charges	62,222,917	30,809,984
Consumables Charges	29,735,920	13,004,722
Cash Replenishment Charges	291,144,413	131,759,683
Management Service Charges	79,138,199	21,467,681
Site Electricity	68,865,582	32,908,426
Site Housekeeping	23,843,980	14,657,935
Satellite (VSAT) Charges	27,675,540	15,721,138
Site Rent	113,128,859	73,641,245
Signage and Visual Merchandise Charges (Refer Note 37)	-	(10,500,202)
Insurance Premium	11,904,123	5,420,373
Repairs Charges - Sites	21,375,555	4,328,290
Shifting Charges -Sites	2,111,411	1,622,931
<b>Total</b>	<b>731,146,499</b>	<b>334,842,206</b>

**Note 23: Other General Expenses**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Professional and Consultancy Charges	9,850,335	17,967,138
Rates and Taxes	29,545,565	24,536,017
Rent Charges (Office)	9,934,013	7,762,740
Payment to auditor (Refer Note (I) below)	1,510,000	1,080,000
Bank Charges and Commission	3,076,764	1,277,699
Insurance Charges	155,886	27,063
Power and Fuel Expenses	2,124,360	1,801,490
Repairs and Maintenance	571,665	2,015,829
Telecom Expenses	3,203,240	2,216,416
Travelling and Conveyance Expenses	6,848,830	3,227,838
Business Promotion Expenses	1,886,954	711,774
Meeting Expenses	62,649	523,771
Membership and Registration Charges	1,614,103	479,166
Office Expenses	2,237,734	2,062,919
Postage and Courier	267,401	158,315
Printing and Stationery	1,244,245	1,051,939
Motor Car Expenses	211,769	145,174
Loss on Theft/Damage	330,353	406,108
Loss on Sale of Fixed Assets (net)	-	17,574,938
Miscellaneous Expenses	915,385	1,561,070
Bad Debts and allowances for doubtful advances	8,133,589	-
Lease Rentals (Refer Note 29(ii))	1,672,993	(58,667)
Assets written off (Refer Note 11(b))	32,305,862	-
<b>Total</b>	<b>117,703,695</b>	<b>86,528,737</b>

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

#### Note (i) Payments to the auditor comprise:

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
(a) To Statutory Auditor		
For Audit	1,500,000	900,000
For Taxation matters	-	180,000
Reimbursement of expenses	10,000	-
<b>Total</b>	<b>1,510,000</b>	<b>1,080,000</b>

#### Note 24: Contingent Liabilities and Commitments (to the extent not provided for):

##### (a) Contingent liabilities

Particulars	As at 31st March, 2015	As at 31st March, 2014
Claims against the Company not acknowledged as debt		
- Service tax	38,882,240	-

Future cash outflows in respect of the above matter is determinable only on receipt of judgments / decisions pending at various forums / authorities.

##### (b) Commitments

Particulars	As at 31st March, 2015	As at 31st March, 2014
Estimated amount of contracts remaining to be executed on capital account and not accounted for	532,461,299	-

#### Note 25: Employee Benefits

##### (A) Defined Contribution Plan

The Company makes Provident Fund contributions which is a defined contribution plan, for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognised Rs. 45,46,138/- (Year ended 31 March, 2015) and Rs. 33,44,725/- (Year ended 31 March, 2014) for Provident Fund contributions in the Statement of Profit and Loss.

##### (B) Defined Benefit Plan

The Company offers the following employee benefit schemes to its employees:

##### Gratuity

The Company is statutorily required to provide for gratuity, a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees. The gratuity liability is not funded by the company.

Present Liability of Gratuity has been accounted for on the basis of actuarial valuation done by a professional Actuary and this has been relied upon by the auditors.

**ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED**  
**Notes forming part of Financial Statements**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>I. Actuarial assumptions:</b>		
Salary Escalation*	10.00 % p.a.	10.00 % p.a.
Expected Return on Plan Assets** Discount Rate***	N/A	N/A
	7.94 % p.a.	9.31 % p.a.
Attrition Rate	2.5% p.a. for all service groups	1.85% p.a. for all service groups
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
<p>* The estimate of future salary increases considered, in actuarial valuation, takes into account the inflation, seniority, promotion, increments and other relevant factors such as supply and demand factors in employments markets.</p>		
<p>** Company does not have any earmarked investment for gratuity liability; hence rate of return on plan asset is not applicable.</p>		
<p>*** The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations</p>		
<b>II. Table showing change in Benefit Obligation:</b>		
Liability at the beginning of the year	1,982,554	606,791
Interest cost	184,576	50,060
Current service cost	1,343,878	824,007
Actuarial (gain)/ loss on obligation	1,064,073	501,696
<b>Liability at the end of the year</b>	<b>4,575,081</b>	<b>1,982,554</b>
<b>III. Fair value of Plan Assets:</b>	-	-
<b>IV. Actual return on Plan Assets:</b>	-	-
<b>V. Amount Recognised in the Balance Sheet</b>		
Present value of benefit obligation	(4,575,081)	(1,982,554)
<b>Net asset/ (liability) recognised in the balance sheet</b>	<b>(4,575,081)</b>	<b>(1,982,554)</b>
<b>VI. Percentage of each category of Plan assets to total fair value of Plan Assets</b>		
	Not Applicable	Not Applicable



# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
<b>VII. Expenses recognized in the Statement of Profit and Loss:</b>		
Current service cost	1,343,878	824,007
Interest cost	184,576	50,060
Actuarial (gains)/losses	1,064,073	501,696
<b>Expenses recognized in Statement of Profit and Loss</b>	<b>2,592,527</b>	<b>1,375,763</b>
<b>VIII. Balance Sheet Reconciliation</b>		
Opening net liability	1,982,554	606,791
Expense as above	2,592,527	1,375,763
<b>Net Liability / (Asset) recognised in Balance Sheet</b>	<b>4,575,081</b>	<b>1,982,554</b>

#### Note 26: Segmental Reporting

As per the definitions of 'business segment' and 'geographical segment', contained in Accounting Standard - 17 (AS-17) "Segment Reporting" specified under section 133 of The Companies Act 2013, read with Rule 7 of The Companies (Accounts) Rules, 2014, the Management is of the opinion that the Company's operations comprise of only ATM infrastructure services within India. There is neither more than one reportable business segment nor more than one reportable geographical segment, and therefore, segment information as per AS-17 is not required to be disclosed.

#### Note 27: Related party transactions

##### 1. Details of related parties:

Description of relationship	Names of related parties
(I) Associate	CISB ATM Services Private Limited
(ii) Key Managerial Personnel (KMP)	
Managing Director	Mr. Mani Mamallan
Director	Mr. Sanjay Kapoor
Chief Operating Officer	Mr. Prakash Joshi
Chief Financial Officer	Mr. Farroukh Kolah
President - Human Resource & Administration	Mrs. Vidya Rani Mani Mamallan
President - Technology	Mr. Manohar Bhoi
President - Services	Mr. A. Chandrasekaran
President - Operations & Governance	Mr. Murali Bhavnarayan Sharma

##### 2. Details of related party transactions during the year ended 31st March, 2015 and outstanding balances as at 31st March, 2015:

Particulars	Associates	KMP
<b>Rendering of Services</b>	1,245,036,767	-
	(651,342,853)	(-)
<b>Receiving of Services</b>		
Remuneration paid	-	36,161,558
	(-)	(29,274,814)
Perquisites Paid	-	165,258
	(-)	(730,800)

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

## Notes forming part of Financial Statements

## Balance outstanding at the end of the year

Investment in Associates	26,000	-
	(26,000)	(-)
Trade receivables	149,392,836	-
	(97,142,906)	(-)
Loans & Advances	263,713	452,974
	(139,187)	(17,727)

Note : Figures in bracket are of previous year

## Note 28: Details of leasing arrangements

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>As Lessee</b>		
<b>(I): Finance Lease Obligations</b>		
The Company has entered into finance lease arrangements for certain Site Assets, which provide the Company an option to purchase such assets at the end of the lease period.		
In certain finance lease, the title/ownership shall not be transferred at end of the lease term.		
The lease agreement is non-cancellable until its full tenure and the extension beyond the lease term would be at mutually agreeable terms and condition.		
<b>Reconciliation between the total of minimum lease payments at the balance sheet date and their present value:</b>		
<b>Future minimum lease payments</b>		
not later than one year	242,603,513	195,621,633
later than one year and not later than five years	645,574,727	674,448,113
later than five years		931,701
Unmatured finance charges	(219,590,630)	(272,597,485)
	<b>668,587,610</b>	<b>598,403,962</b>
<b>Present value of minimum lease payments payable</b>		
not later than one year	139,644,513	96,134,700
later than one year and not later than five years	528,943,097	501,265,442
later than five years	-	1,003,820
	<b>668,587,610</b>	<b>598,403,962</b>

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

#### (ii): Operating Lease Obligations

The Company has entered into operating lease arrangement for Cars for official use. The leases are non-cancellable and are for a period of four years and may be renewed based on mutual agreement of the parties.		
<b>Future minimum lease payments</b>		
not later than one year	2,195,136	1,498,080
later than one year and not later than five years	4,270,851	3,852,410
later than five years		
	<b>6,465,987</b>	<b>5,350,490</b>
<b>Lease payments recognised in the Statement of Profit and Loss</b>		
- Car Rentals	1,672,993	641,830

#### Note 29: Earnings per share

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
<b>Basic</b>		
Net profit / (loss) after tax for the year	(161,095,281)	(108,552,892)
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) after tax for the year for computation of Earnings Per Share	(161,095,281)	(108,552,892)
Weighted average number of equity shares	347,427	247,701
Par value per share	10	10
Earnings per share from continuing operations - Basic & Diluted	(464)	(438)

**Note:** The effect of conversion of preference shares and exercise of ESOP option is anti-dilutive.

#### Note 31: Deferred Tax

The Company has not recognised net deferred tax asset as there is no reasonable / virtual certainty, supported by convincing evidence, that sufficient future taxable income will be available against which such deferred tax asset can be realized, as per Accounting Standard 22, specified under section 133 of The Companies Act 2013, read with Rule 7 of The Companies (Accounts) Rules, 2014.

#### Note 32: Derivative Instrument and unhedged foreign currency exposures

The Company did not have any derivative instrument outstanding as at the year end. There are no balances denominated in the foreign currencies as at year end.

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

## Notes forming part of Financial Statements

**Note 33: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Particulars	As at 31st March, 2015	As at 31st March, 2014
Principal amount remaining unpaid to any supplier as at the end of the accounting year	10,730,882	72,672,113

**Note:**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**Note 33: Other Disclosures**

On behalf of the Company, banks have issued performance bank guarantees amounting to Rs. 87,113,000/- (Rs. 52,620,000/- as on 31st March, 2014) for the deployment of cash dispenser's in respect of which the Company has placed fixed deposits under lien amounting to Rs 57,963,000/- (Rs. 51,006,911/- as on 31st March, 2014).

**Note 34: Employee Stock Option Scheme**

In the Extra Ordinary general meeting held on 12th August, 2014, the shareholders approved the issue of 18,750 equity options under the Scheme titled "Electronic Payment and Services - Employee Stock Option Plan 2014" ("EPS-ESOP 2014").

The ESOP Scheme 2014 allows the issue of options to employees of the Company. Each option comprises one underlying equity share.

As per the Scheme, the board of directors grants the options to the employees deemed eligible. The exercise price of each option shall be Rs 10/- as defined in the Scheme. The options granted vest over a period of 1 year from the date of the grant in proportions specified in the Scheme. Options may be exercised within 60 months from the date of vesting.

The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

**Note 3 : Share Capital**

Particulars (Scheme name: EPS ESOP 2014)	During the year ended 31st March, 2015	
	Options (Numbers)	Weighted average exercise price per option (Rs)
Option outstanding at the beginning of the year:	-	-
Granted during the year:	16,800	10
Vested during the year:	-	-
Exercised during the year:	-	-
Lapsed during the year:	150	10
Options outstanding at the end of the year:	16,650	10
Options available for grant:	2,100	10

Weighted average remaining contractual life for options is five months outstanding as at 31 March, 2015.

# FINANCIAL STATEMENT FY 2014-2015

## ELECTRONIC PAYMENT AND SERVICES PRIVATE LIMITED

### Notes forming part of Financial Statements

The company believes that the fair valuation of options will not materially change the net income and accordingly the impact on earnings per share. Hence the assumption used for calculating fair value and its impact on earning per share is not disclosed.

**Note 35:** Pursuant to the reconciliation of Fixed Assets referred to in Note 11(b), the Management has undertaken a reconciliation of securities offered to certain lessors/ lenders vis-à-vis borrowings taken. The Company is currently renegotiating certain terms of borrowings with certain lenders/ lessors in respect of these financing arrangements and the securities offered to them. Pending conclusion of those discussions/ final agreements, no further adjustments have been made, if any, in the financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on the Company's financial conditions, result of operations or cash flows.

**Note 36:** Prior Period Items

The below mentioned prior period items, included in the other income/expenses, are on account of capitalization of fixed assets (owned and finance lease).

Particulars	As at 31st March, 2015	As at 31st March, 2014
Profit on sale and lease back transaction	-	(23,804,454)
Lease Rentals (Net of finance charges)	-	276,043
Sigange & Visual Merchandise	-	10,500,202
Depreciation	-	(2,873,180)
Net Prior Period Income / (Expense)	-	(15,901,389)

**Note 38:** Previous Year

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**

**Sanjay Kapoor**  
Director

DIN: 03584520  
Date : 24 Sept 2015  
Place : Mumbai

**Mani Mamallan**  
Chairman & Managing Director

DIN: 03584512  
Date : 24 Sept 2015  
Place : Mumbai

**Farroukh Kolah**  
Chief Financial Officer  
Date : 24 Sept 2015  
Place : Mumbai



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