

Deloitte Haskins & Sells LLP

Chartered Accountants
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India

INDEPENDENT AUDITORS' REPORT

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TO THE MEMBERS OF MPONLINE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MPONLINE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and 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 Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Deloitte Haskins & Sells LLP

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
 - (e) On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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


Joe Pretto
(Partner)
(Membership No. 077491)

MUMBAI, 9 April, 2014

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4(ii), 4(viii), 4(xii), 4(xiii) and 4(xiv) of Order are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed asset disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (a) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and the sale of goods and services and during the course of our audit we have not observed any major weaknesses in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements, the particular of which need to be entered into register maintained in section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (v) (b) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Therefore the provisions of clause 4 (vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) 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, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no significant undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, and other material



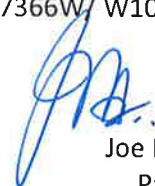
statutory dues in arrears as at 31 March, 2014 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of Income Tax, Service Tax and other material statutory dues which have not been deposited on account of disputes.
- (ix) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks and financial institution. Therefore the provisions of clause 4 (xi) of the Order is not applicable to the Company.
- (xi) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions. Therefore, the provision of clause 4(xv) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not taken any term loan during the period covered by our audit report.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, *prime facie* not been used during the year for long-term investment.
- (xiv) According to the information and explanations given to us, during the period covered by our audit report, the Company has not made any preferential allotment of shares to parties and Companies covered in the register under section 301 of the companies Act, 1956. Therefore, the provision of clause 4(xviii) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not issued secured debentures during the year. Therefore, the provision of clause 4(xix) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company has not raised any money by way of public issue. Therefore, the provision of clause 4(xx) of the Order is not applicable to the Company.
- (xvii) 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

(Registration No.117366W/ W100018)



Joe Pretto
Partner

(Membership No. 077491)

MPONLINE LIMITED
Balance Sheet as at 31 March, 2014

Particulars	Note No	As at 31 March, 2014 (₹)	As at 31 March, 2013 (₹)
A EQUITY AND LIABILITIES			
(1) Shareholder's funds			
(a) Share Capital	3	1,00,00,000	1,00,00,000
(b) Reserves and Surplus	4	32,46,72,195	20,58,79,243
		33,46,72,195	21,58,79,243
(2) Non - current liabilities			
(a) Long - term provisions	5	7,36,866	6,46,274
		7,36,866	6,46,274
(3) Current liabilities			
(a) Trade payables	6	1,85,63,201	2,13,04,033
(b) Other current liabilities	7	25,64,24,573	47,33,65,367
(c) Short - term provisions	8	3,88,74,505	47,92,017
		31,38,62,279	49,94,61,417
TOTAL		64,92,71,340	71,59,86,934
B ASSETS			
(1) Non - current assets			
(a) Fixed assets	9		
(i) Tangible assets		1,29,27,976	1,59,22,533
(ii) Intangible assets		-	-
		1,29,27,976	1,59,22,533
(b) Deferred tax assets (net)	20.6	27,41,516	11,53,951
(c) Long term loans and advances	10	73,95,939	73,27,274
(d) Other non - current assets	11	25,54,933	10,04,14,800
		2,56,20,364	12,48,18,558
(2) Current assets			
(a) Trade receivables	12	58,84,798	68,28,193
(b) Cash and bank balances	13	59,33,62,784	56,64,85,728
(c) Short - term loans and advances	14	46,57,710	33,10,507
(d) Other current assets	15	1,97,45,684	1,45,43,948
		62,36,50,976	59,11,68,376
TOTAL		64,92,71,340	71,59,86,934


See accompanying notes forming part of the financial statements 1-20.7

In terms of our report attached

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants


JOE PRETTO
Partner


BARINDRA SANYAL
Director


L. K. TIWARI
Director



KARAN TANNA
Company Secretary
Mumbai, 9 April, 2014

Mumbai, 9 April, 2014

MPONLINE LIMITED
Statement of Profit and Loss for the year ended 31 March, 2014

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		(₹)	(₹)
1 Revenue from operations	16	49,27,22,381	34,67,81,904
2 Other income	17	4,76,11,060	4,02,93,705
Total Revenue		54,03,33,441	38,70,75,609
3 Expenses:			
(a) Employee benefits expenses	18	2,89,16,512	2,19,86,056
(b) Operation and other expenses	19	26,91,57,769	19,37,85,742
(c) Depreciation and amortisation expenses	9	51,56,423	55,04,738
Total expenses		30,32,30,704	22,12,76,536
4 Profit before tax		23,71,02,737	16,57,99,073
5 Tax expenses:			
(a) Current tax expense for current year		8,12,89,000	5,47,77,000
(b) Current tax expense relating to prior years		-	97,234
(c) Net current tax expense		8,12,89,000	5,48,74,234
(d) Deferred tax		(15,87,565)	(6,52,463)
		7,97,01,435	5,42,21,771
6 Profit for the year		15,74,01,302	11,15,77,302

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		(₹)	(₹)
7 Earnings per share (of ₹ 10 each):			
(a) Basic and Diluted	20.5	157.40	111.58
See accompanying notes forming part of the financial statements	1-20.7		

In terms of our report attached


For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants


JOE PRETTO
Partner


BARINDRA SANYAL
Director


L. K. TIWARI
Director


KARAN TANNA
Company Secretary
Mumbai, 9 April, 2014

Mumbai, 9 April, 2014

MPONLINE LIMITED

Statement of Cash Flow for the year ended 31 March, 2014

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	(₹)	(₹)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,71,02,737	16,57,99,073
Adjustments for:		
Depreciation	51,56,423	55,04,738
Interest income on bank deposits	(4,55,55,821)	(4,00,53,646)
Operating profit before working capital changes	19,67,03,339	13,12,50,165
Trade receivables	9,43,395	(27,86,117)
Loans and advances and other current assets	(16,87,832)	5,26,311
Trade payables, other liabilities and provisions	(21,95,25,361)	11,60,80,442
Cash generated from operations	(2,35,66,459)	24,50,70,801
Taxes paid	(8,34,36,802)	(5,93,15,410)
Net cash (used in) / provided by operating activities	(10,70,03,261)	18,57,55,391
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(22,61,866)	(37,84,092)
Interest received	4,06,88,475	2,84,19,943
Fixed deposit placed with banks having original maturity over three months	(1,50,90,95,541)	(1,32,21,78,325)
Fixed deposit placed with banks matured having original maturity over three months	1,69,66,72,819	1,14,72,97,330
Net Cash provided / (used in) investing activities	22,60,03,887	(15,02,45,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(2,50,00,000)
Dividend tax paid	(27,58,000)	(12,97,800)
Net Cash used in financing activities	(27,58,000)	(2,62,97,800)
Net increase in cash and cash equivalents	11,62,42,626	92,12,447
Cash and cash equivalents at beginning of the year	13,03,81,105	12,11,68,658
Cash and cash equivalents at end of the period	24,66,23,731	13,03,81,105
Short term bank deposits	34,50,00,000	43,50,51,801
Earmarked balances with banks	17,39,053	10,52,822
Investments in the nature of cash and cash equivalent	-	-
Cash and Bank balance at the end of the period as per Note 13	59,33,62,784	56,64,85,728

See accompanying notes forming part of the financial statements


1-20.7


In terms of our report attached

For and on behalf of the Board of Directors

FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants

JOE PRETTO
Partner


BARINDRA SANYAL
Director


L. K. TIWARI
Director



KARAN TANNA
Company Secretary
Mumbai, 9 April, 2014

Mumbai, 9 April, 2014

MPONLINE LIMITED
Notes forming part of the financial statements

1) CORPORATE INFORMATION

MP Online Limited (the "Company") primarily operates an e-commerce portal allowing payments and money transfer to be made through the Internet, enabling citizens and businesses to make payment of dues to various departments of state governments, educational institutions, public utilities, insurance companies etc. The Company is an unlisted public company that is a majority owned subsidiary of Tata Consultancy Services Limited (the "Parent"). The Government of Madhya Pradesh ("GoMP") is also an investor in the Company.

2) SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

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 notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the other relevant provisions of the Companies Act, 1956.

Assets and liabilities have been classified as Current or Non-Current on the basis of the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year.

2.2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management of the Company 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 the 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 period in which the results are known/ materialise. Example of such estimates include provision for doubtful debts, employee benefit plans, provision for income taxes and useful lives of depreciable fixed assets .

2.3. Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.4. 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.

2.5. Revenue Recognition

In respect of payment gateway, e-Commerce Portal Service, revenue is recognised upon processing of the transactions (such as payment of utility bills, insurance premium etc.) through the portal.

When the outcome of transactions, involving the rendering of services and other processing transaction revenue can be estimated reliably, revenue associated with such transactions is recognised by reference to the stage of completion of the transaction at the end of each reporting period, provided the stage of completion of the transaction as well as the cost incurred on the transaction and the cost of completion of the transaction can be measured reliably. The stage of completion of the transaction is determined based on the proportion that cost incurred to date bear to the estimated total cost of the transaction.

MPONLINE LIMITED

Notes forming part of the financial statements

When services as performed by number of acts over a specified period of time, revenue is recognised on a straight line basis over the specified period.

All revenues are recognised only when collectability of the resulting receivable is reasonably assured, and are reported net of discounts and indirect and service taxes.

2.6. Other Income

Interest income is accounted on a time proportion basis taking into account the amount outstanding on the financial instrument and the rate applicable.

2.7. Tangible Fixed Assets

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if they increase the future benefits/ functional capability from / of the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements.

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, as income or expense, as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

Depreciation is provided on a pro-rata basis using the straight-line method over the estimated useful lives of the assets or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, as follows:

Name of the Asset	Method of Depreciation	Rate of Depreciation
Computer Equipment	Straight line	25%
Office Equipment	Written down value	13.91%
Electrical Installations	Written down value	13.91%
Furniture and Fixtures	Straight line	100%
Leasehold Improvements	Straight line	Lease Period
Vehicle	Written down value	25.89%

Fixed assets exclude computers and other assets individually costing ₹10,000 or less which are not capitalised except when they are part of a larger capital investment programme.

Capital work-in-progress

Project under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.8. Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Cost of an intangible asset includes purchase price, non-refundable taxes and duties and any other directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is charged to the Statement of Profit and Loss as an expense unless it is probable that such expenditure will enable the intangible asset increase the future benefits / functioning capabilities from / of the existing asset beyond its previously assessed standard of performance and such expenditure can be measured and attributed to the intangible asset reliably, in which case, such expenditure is capitalised.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation

MPONLINE LIMITED

Notes forming part of the financial statements

method are reviewed at least at each financial year-end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized net, as income or expense as the case may be, in the Statement of Profit and Loss in the year of disposal.

The estimated useful lives of intangible assets used for amortisation are:

Name of the Asset	Method of Depreciation	Rate of Depreciation
Software	Straight line	24 Months

2.9. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.10. Employee Benefits

i) Post-employment benefit plans

Contribution to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

ii) Short-term 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 employee renders the services. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

iii) Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability (using the Projected Unit Credit Method) at the present value of the defined benefit obligation at the balance sheet date.

2.11. Leases

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.

MPONLINE LIMITED
Notes forming part of the financial statements

2.12. Taxes on income

Tax expense comprises of current and deferred income taxes. Current tax is measured based on applicable tax rates and is computed in accordance with the Income Tax Act, 1961.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only to the extent that there is virtual certainty that sufficient taxable income will be available to realise these assets. All other deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Advance taxes and provisions for current income taxes are presented in the balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and the Company intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

2.13. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A Contingent asset is neither recognised nor disclosed in the financial statements.



MPONLINE LIMITED
Notes forming part of the financial statements

Note 3 Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	(₹)	Number of shares	(₹)
(a) Authorised Equity shares of ₹ 10 each with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
(b) Issued Equity shares of ₹ 10 each with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
(c) Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Total	10,00,000	1,00,00,000	10,00,000	1,00,00,000

Refer Notes (i) to (iv)

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Closing Balance
Equity shares with voting rights							
Year ended 31 March, 2014		No movements during the year					
- Number of shares	10,00,000						10,00,000
- Amount (₹)	1,00,00,000	1,00,00,000					
Year ended 31 March, 2013							
- Number of shares	10,00,000	10,00,000					
- Amount (₹)	1,00,00,000	1,00,00,000					

(ii) Rights, preferences and restrictions attached to equity shares. The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the forth coming Annual General Meeting, except in case of the interim dividend. In the event of liquidation, the equity share holders would be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of shares held by the holding company

Particulars	Equity shares with voting rights	
	Number of Shares	
As at 31 March, 2014		
Tata Consultancy Services Limited	8,90,000	
As at 31 March, 2013		
Tata Consultancy Services Limited	8,90,000	

(iv) Details of shares held by the shareholders holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Madhya Pradesh State Electronics Development Corporation Limited	1,10,000	11%	1,10,000	11%
Tata Consultancy Services Limited	8,90,000	89%	8,90,000	89%

MPONLINE LIMITED
Notes forming part of the financial statements

Note 4 Reserves and surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) General reserve		
Opening balance	1,96,00,000	84,00,000
Add: Transferred from surplus in Statement of Profit and Loss	1,58,00,000	1,12,00,000
Closing balance	3,54,00,000	1,96,00,000
(b) Surplus in Statement of Profit and Loss		
Opening balance	18,62,79,243	10,56,59,941
Add: Profit for the year	15,74,01,302	11,15,77,302
	34,36,80,545	21,72,37,243
Less: Interim dividend	-	1,70,00,000
Proposed final dividend on equity shares	3,30,00,000	-
Tax on dividend	56,08,350	27,58,000
Transferred to:		
General reserve	1,58,00,000	1,12,00,000
Closing balance	28,92,72,195	18,62,79,243
Total	32,46,72,195	20,58,79,243

Note 5 Long-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) Provision for employee benefits:		
(i) Provision for gratuity (Refer Note 20.1(b))	-	1,24,855
(ii) Provision for Leave encashment	7,36,866	5,21,419
Total	7,36,866	6,46,274

Note 6 Trade payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
Trade payables:		
(i) Accrued expenses	22,01,124	29,296
(ii) Dues to others	1,63,62,077	2,12,74,737
Also refer note no 20.3		
Total	1,85,63,201	2,13,04,033

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. The Company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) from vendor claiming the status as micro or small enterprises, hence no disclosures have been made.

MPONLINE LIMITED**Notes forming part of the financial statements****Note 7 Other current liabilities**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) Amount collected on behalf of customer	21,29,42,102	39,93,92,623
(b) Advance received from collection agents	3,57,44,703	2,76,27,985
(c) Liabilities against purchase of fixed assets	1,69,914	2,69,914
(d) Security deposits received	3,90,000	3,90,000
(e) Unearned revenue	8,00,400	3,60,47,549
(f) Other payables		
(i) Statutory dues including taxes deducted at source	40,85,632	15,41,952
(ii) Amounts refundable against aborted transactions	1,60,664	61,60,646
(iii) Operating lease obligations	21,07,572	19,34,604
(iv) Payable to the Chief Minister Relief Fund	23,586	94
Total	25,64,24,573	47,33,65,367

Note 8 Short-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,66,155	3,00,482
(b) Provision - Others:		
(i) Provision for tax (net of advance tax ₹ Nil) (31 March, 2013 ₹ 5,30,43,465)	-	17,33,535
(ii) Proposed final dividend on equity shares	3,30,00,000	-
(iii) Tax on dividend	56,08,350	27,58,000
Total	3,88,74,505	47,92,017

MPONLINE LIMITED

Notes forming part of the financial statements

Note 9. Fixed Assets

Name of the Assets	Gross Block			Accumulated Depreciation				Net block	
	As at 1 April, 2013 (₹)	Additions during the Year (₹)	Disposals during the Year (₹)	As at 31 March, 2014 (₹)	As at 1 April, 2013 (₹)	Addition during the year (₹)	Deduction / Adjustment during the Year (₹)	As at 31 March, 2014 (₹)	As at 31 March, 2013 (₹)
Tangible Assets									
Computer Equipment	1,94,25,876	10,88,998	-	2,05,14,874	(1,34,13,216)	(31,98,885)	-	39,02,773	60,12,660
Office Equipment	37,89,278	19,694	-	38,08,972	(12,43,908)	(3,63,182)	-	22,01,882	25,45,370
Electrical Installations	58,74,884	-	-	58,74,884	(23,29,728)	(4,93,126)	-	30,52,030	35,45,156
Furniture and Fixtures	67,64,164	1,48,964	-	69,13,128	(67,54,919)	(1,58,209)	-	-	9,245
Leasehold Improvements	56,64,831	-	-	56,64,831	(18,54,729)	(7,26,879)	-	30,83,223	38,10,102
Vehicle	-	9,04,210	-	9,04,210	(-)	(2,16,142)	-	6,88,068	-
Total (A)	4,15,19,033	21,61,866	-	4,36,80,899	(2,55,96,500)	(51,56,423)	-	1,29,27,976	1,59,22,533
Intangible Assets									
Software Licences	1,45,000	-	1,45,000	-	(1,45,000)	-	1,45,000	-	-
Total (B)	1,45,000	-	1,45,000	-	(1,45,000)	-	1,45,000	-	-
Total (A + B)	4,16,64,033	21,61,866	1,45,000	4,36,80,899	(2,57,41,500)	(51,56,423)	1,45,000	1,29,27,976	1,59,22,533
Previous year	3,94,31,966	22,32,067	-	4,16,64,033	(2,02,36,762)	(55,04,738)	-	1,59,22,533	-

MPONLINE LIMITED
Notes forming part of the financial statements

Note 10 Long-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
Unsecured, considered good		
(a) Security deposits	11,32,446	10,57,673
(b) Other loans and advances		
(i) Advance income tax (net of provisions ₹ 17,14,62,234) (31 March, 2013 ₹ 4,15,92,234)	33,82,020	29,67,753
(ii) Prepaid Expenses	28,81,473	33,01,848
Total	73,95,939	73,27,274

Note 11 Other non-current assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) Interest accrued on bank deposits	80,410	4,14,800
(b) Long-term bank deposits	24,74,523	10,00,00,000
Total	25,54,933	10,04,14,800

Note 12 Trade receivables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	-	6,46,652
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	6,46,652
	-	-
	-	6,46,652
Other Trade receivables		
Unsecured, considered good	58,84,798	61,81,541
Total	58,84,798	68,28,193

Note 13 Cash and bank balances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
(a) Cash and cash equivalents		
(i) Cash on hand	-	-
(ii) Balances with banks		
In current accounts	4,65,23,731	4,60,27,220
In deposit accounts with original maturity less than 3 months	20,01,00,000	8,43,53,885
	24,66,23,731	13,03,81,105
(b) Other bank balances		
(i) Earmarked balances with banks (Balances held as margin money against guarantees)	17,39,053	10,52,822
(ii) Short-term bank deposits	34,50,00,000	43,50,51,801
Total	59,33,62,784	56,64,85,728

MPONLINE LIMITED
Notes forming part of the financial statements

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
Unsecured, considered good		
(a) Prepaid expenses	30,96,876	25,90,439
(b) Balances with government authorities		
(i) Service Tax credit receivable	2,99,351	-
(c) Others loans and advances		
(i) Excess payment recoverable from customers	7,67,190	7,20,068
(ii) Others	4,94,293	-
Total	46,57,710	33,10,507

Note 15 Other current assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
	(₹)	(₹)
Interest accrued on deposits	1,97,45,684	1,45,43,948
Total	1,97,45,684	1,45,43,948

Note 16 Revenue from operations

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	(₹)	(₹)
Portal services		
(a) Portal Income	47,18,29,673	33,54,48,097
(b) Kiosk Registration Income for use of portal	86,76,539	1,13,33,807
(c) Other Operating Income		
- Liabilities no longer required written back	1,22,16,169	-
Total	49,27,22,381	34,67,81,904

Note 17 Other income

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	(₹)	(₹)
(a) Interest income on banks deposit	4,55,55,821	4,00,53,646
(b) Miscellaneous income	20,55,239	2,40,059
Total	4,76,11,060	4,02,93,705

MPONLINE LIMITED
Notes forming part of the financial statements

Note 18 Employee benefits expenses

Particulars	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	(₹)	(₹)
(a) Salary, wages and bonus	2,65,93,528	1,99,86,225
(b) Contribution to provident and other funds	12,21,220	9,64,719
(c) Gratuity	2,37,733	2,90,200
(d) Staff welfare expenses	8,64,031	7,44,912
Total	2,89,16,512	2,19,86,056

Note 19 Operation and other expenses.

Particulars	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	(₹)	(₹)
(a) Services rendered by business associates and others	1,79,48,536	1,98,31,811
(b) Commission	15,89,20,697	13,80,27,915
(c) Sub contracted cost	7,43,53,257	1,94,27,157
(d) Software, hardware and material costs	25,93,058	23,28,361
(e) Communication expenses	44,06,550	31,77,534
(f) Travelling and conveyance expenses	13,27,836	13,96,178
(g) Rent	28,48,107	30,57,251
(h) Legal and professional fees	7,52,530	7,34,280
(i) Payments to auditors (Refer footnote (i) below)	6,64,309	5,71,053
(j) Repairs and maintenance	14,92,241	7,65,017
(k) Electricity expenses	17,68,563	17,31,495
(l) Printing and stationery	39,141	1,00,098
(m) Insurance	65,903	49,751
(n) Rates and taxes	19,367	72,187
(o) Advertisement and Publicity	1,79,058	13,53,355
(p) Other expenses	17,78,616	11,62,299
Total	26,91,57,769	19,37,85,742
Footnote : (i) Payments to auditors		
Particulars	For the year ended	For the year ended
	31 March, 2014	31 March, 2013
	(₹)	(₹)
(i) Payments to the auditors comprises		
As auditors – statutory audit	6,00,000	5,00,000
Reimbursement of expenses	8,337	9,253
Service tax on above	55,972	61,800
Total	6,64,309	5,71,053

MPONLINE LIMITED

Notes forming part of the financial statements

Note 20 Employee benefits

	Employee benefit plans
20.1(a)	<p><u>Defined contribution plans</u></p> <p>The Company makes contribution towards provident fund and family pension fund (both define contribution plan) for qualifying employees. Under the plans, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 12,21,220 (Year ended 31 March, 2013 ₹ 9,64,719) for contribution towards provident fund and family pension fund in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.</p>

20.1(b)	<u>Defined benefit plans</u>		
	The Company offers its employees defined benefit plans in the form of a gratuity scheme		
	The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:		
	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		(₹)	(₹)
	Components of expense		
	Current service cost	2,03,935	1,31,746
	Interest cost	49,988	28,446
	Expected return on plan assets	(43,000)	-
	Actuarial losses/(gains)	26,810	1,29,990
	Total expense recognised in the Statement of Profit and Loss	2,37,733	2,90,182
	Actual contribution and benefit payments for year		
	Actual benefit payments	-	-
	Actual contributions	8,22,168	5,00,000
	The Company does not expect to contribute to gratuity in the next year (March 31, 2013 : ₹ Nil)		
	Net asset /(liability) recognised in the Balance Sheet		
	Present value of defined benefit obligation	(8,45,904)	(6,24,855)
	Fair value of plan assets	13,40,197	5,00,000
	Net asset / (liability) recognised in the Balance Sheet	4,94,293	(1,24,855)

	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		(₹)	(₹)
	Change in defined benefit obligations ("DBO") during the year		
	Present value of DBO at beginning of the year	6,24,855	3,34,655
	Current service cost	2,03,935	1,31,764
	Interest cost	49,988	28,446
	Benefit Paid during the Year	(34,713)	-
	Actuarial (gains) / losses	1,839	1,29,990
	Present value of DBO at the end of the years	8,45,904	6,24,855
	Change in fair value of assets during the year		
	Plan assets at beginning of the year	5,00,000	-
	Expected return on plan assets	43,000	-
	Actual company contributions	8,22,168	5,00,000
	Actuarial gain / (loss)	(24,971)	-
	Benefits paid	-	-
	Plan assets at the end of the year	13,40,197	5,00,000

MPONLINE LIMITED**Notes forming part of the financial statements**

Actuarial assumptions					
Discount rate			9%		8%
Salary escalation			6%		6%
Rate of Return on Plan Assets			9%		8.60%
Attrition					
(i) If service Less than 5 years			13.80%		15.80%
(ii) After 5 years			7.70%		8.60%
Mortality tables			India Assured Lives Mortality (2006-08) Ultimate		India Assured Lives Mortality (2006-08) Ultimate
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. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.					
Experience adjustments	2013-2014	2012-2013	2011-2012	2010- 2011	2009- 2010
Gratuity	(₹)	(₹)	(₹)	(₹)	(₹)
Present value of Defined Benefit Obligation (A)	8,45,904	6,24,855	3,34,655	1,88,931	1,54,267
Fair value of plan assets (B)	13,40,197	5,00,000	-	-	-
Funded status (B-A)	4,94,293	(1,24,855)	(3,34,655)	(1,88,931)	(1,54,267)
Experience (gain) / loss adjustments on plan liabilities	24,126	1,04,619	(91,131)	(75,418)	10,490
Experience gain / (loss) adjustments on plan assets	(24,971)	-	-	-	-

20.2	Segment Reporting
	The Company has been operating largely in one business segment viz. development, maintenance and management of the MP Online portal for providing web based services and the other activities of the Company are incidental to the portal. These activities conducted only in the geographic segment viz India. Therefore, the disclosure requirements of the Accounting Standard (AS) 17 on "Segment Reporting" are not applicable



MPONLINE LIMITED
Notes forming part of the financial statements

20.3	Related party transactions			
	Details of related parties:			
	Description of relationship	Name of the Related party		
	Ultimate Holding Company	Tata Sons Limited		
	Holding Company	Tata Consultancy Services Limited		
	Key Management Person (KMP)	Mr. Pramod Bhargava (Till 31 December, 2013)		
	Investing Party	Madhya Pradesh State Electronics Development Corporation Limited		
	Note: Related parties have been identified by the Management.			
	Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:			
		Tata Consultancy Services Limited	KMP	Madhya Pradesh State Electronics Development Corporation Limited
	Revenues	-	-	-
		<i>45,123</i>	-	-
	Services rendered by Business Associates.	1,82,70,829	-	-
		<i>1,83,43,321</i>	-	-
	Sub contracted cost	7,66,52,554	-	-
		<i>1,94,27,157</i>	-	-
	Trade Payables	1,49,25,348	-	-
		<i>2,02,69,181</i>	-	-
	Interim Dividend Paid	-	-	-
		<i>1,51,30,000</i>	-	<i>18,70,000</i>
	Remuneration Paid	-	41,21,889	-
		-	<i>45,29,519</i>	-

Figures in Italics relates to previous year.

20.4	Details of leasing arrangements	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		(₹)	(₹)
	The Company has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 9 years 11 months to 10 years and may be renewed for a further period based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 5% to 9% every year.		
	Future minimum lease payments		
	(i) not later than one year	25,39,621	23,59,503
	(ii) later than one year and not later than five years	97,84,601	99,33,906
	(iii) later than five years	20,16,726	44,07,042
	Total	1,43,40,948	1,67,00,451
	Lease payments recognised in the Statement of Profit and Loss	27,11,707	30,57,251

MPONLINE LIMITED
Notes forming part of the financial statements

20.5	Earnings per share	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		(₹)	(₹)
	Basic and diluted		
	Net profit for the year	15,74,01,302	11,15,77,302
	Weighted average number of equity shares	10,00,000	10,00,000
	Par value per share	10	10
	Earnings per share	157.40	111.58

Note	Particulars	As at 31 March, 2014	As at 31 March, 2013
		(₹)	(₹)
20.6	Deferred tax asset		
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated absences and gratuity	6,34,120	4,91,752
	Provision for lease rentals	7,16,364	-
	On difference between book balance and tax balance of fixed assets	13,91,032	6,62,199
	Tax effect of items constituting deferred tax assets	27,41,516	11,53,951
	Net deferred tax asset	27,41,516	11,53,951

20.7	Previous year's figures
	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


BARINDRA SANYAL
 Director


L. K. TIWARI
 Director


KARAN TANNA
 Company Secretary

Mumbai, 9 April, 2014

